NATIONAL WEEKLY

Social Justice

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AN OPEN LETTER TO PRESIDENT ROOSEVELT
BY Amos Pinchot

TIM GROGAN'S G. I. P.
Henry Dickinson, Jr.

INDIA FIGHTS FOR FREEDOM
Ben Marcin

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WHERE DO WE GO FROM HERE?
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THE WAY OUT
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THE CHRISTIAN WORKER
Rev. W. J. Randall

MILLION LEAGUE
Platoon News

VOL. 1A NO. 14

LAGUARDIA'S *KITE*

THE AIR currents of politics are zooming the New York Mayor's kite above the towers of Manhattan's spring skyline.

Consider these facts:

He is applauded by Communist, radical, Socialist, religionist, Democrat and Republican for his well-timed honesty.

He is half Jewish and half Gentile.

It is certain that America will never go back to Hoover Republicanism, but it is possible that America, weltering in a major depression, will forsake Roosevelt Democracy for radical Republicanism.

The Democratic Party, hopelessly split, has lost prestige both in the North and in the South.

Acrimonious animosity will prompt many to vote against Roosevelt.

The C.I.O. and its John "Leftist" Lewis are whetting their knives for the 1940 kill.

Already a movement is on foot to capture the Republican National Convention for the nomination of La Guardia.

To the little New Yorker's kite are attached many tails composed of radical Democrats, C.I.O.'ers, leftist Republicans, Communists, Socialists and bootlicking religionists. Moreover Hillman and Dubinsky, representing the powerful and independent garment workers, and American labor partisans, are flying high on the hopes of Fiorello La Guardia.

Will he be the Stalin who will override Mr. "Kerensky" Roosevelt, or will he be a contender for the 1940 Presidential race?

As a politician, he is outsmarting the President.

As a President, Mr. Roosevelt is experiencing the unfailing law of political gravitation: once one goes to the heights, there is only one way left for him to travel—and that is "down."

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Social Justice

JUNE 6, 1938

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La Guardia's Kite

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Vol. 1A No. 14

Father Coughlin Replies . . .

Answering a correspondent who wished to know about the origin of the Stabilization Fund, Father Coughlin replies:

To remove misunderstanding, the details of how $2,800-million free gold originated, to make up the Stabilization Fund, details are given:

There were approximately 195,394 ounces of gold within the United States on January 30, 1934. At $20.67 per ounce, the total price tag on the entire block of gold was approximately $4,038-million.

When the official currency price of gold was declared to be $35 per ounce, the difference between $20.67 and $35, or $14.33 per ounce on the entire gold stock within the nation amounted to approximately $2,800-million. This $2,800-million was a profit which the United States Government took. The re-pricing procedure was the same as a merchandiser who buys shoes at $3 a pair and puts a price tag of $6 a pair on them. He will have a profit of $3 a pair when he actually makes a sale of the shoes.

In this case, the Government was dealing with a commodity used as money—gold. When it changed the official currency price of gold from $20.67 to $35 per ounce, it realized a profit, amounting to approximately $2,800-million.

The day the transaction was completed, the Federal Reserve Banks actually took only bookkeeping credits in exchange for the gold they surrendered, but they were given full assurance that they would ultimately be given gold certificates to the amount of $20.67 for each ounce of gold turned over to the Government. Shortly, after January 30, 1934, gold certificates had been given to the Federal Reserve Banks in lieu of their bookkeeping credits.

The new gold certificates turned over to the Federal Reserve Banks bear on their face the following words: "This is to certify that there is on deposit in the Treasury of the United States of America . . . dollars in gold, payable to bearer on demand as authorized by law."

These gold certificates are the same size as any other currency (paper money) but their denominations are restricted to $100,000 amounts.

They are negotiable only between the 12 Central Banks of the Federal Reserve System. This restricted negotiability confines the opportunity to claim gold exclusively to the Central Bankers or to those who manipulate large international speculative accounts.

This $2,800-million constituted Mr. Morgenthau's secret Stabilization Fund. Before he could do his "stabilizing," he had to exchange more gold certificates for a deposit in the New York Federal Reserve Banks, or for Federal Reserve Notes. Such transactions have given the Federal Reserve Banks additional gold certificates so that only slightly over 400 millions remain free gold, i. e., gold against which gold certificates are not outstanding in the hands of private individuals or corporations.

Coming . . .

"Borrowing Yourself Out of Debt," by Judge Joseph A. Gillis of Common Pleas Court, Detroit, Michigan, the second in an important series of articles "Exposing the Collection Racket," will appear in SOCIAL JUSTICE on June 13th. Like "The 'Messiah' in the Sealed Car" by George Sylvester Viereck, Judge Gillis's articles are another series that "could not be printed."

So many requests have come to the editorial offices of SOCIAL JUSTICE asking for "another Damien," that we have determined to print serially another biographical narrative. "The Champion of Forgotten Men," the story of Eugene de Mazenod, famous founder of the Oblate Fathers, will begin in SOCIAL JUSTICE next week. The author is the Rev. A. Simon, O.M.I.

Tours to the Shrine

The Baltimore Social Tours, again this year under the same able leadership of Peter F. Rydzynski, will conduct the second annual pilgrimage to the Shrine of the Little Flower at Royal Oak, Michigan, for the people of Baltimore, Md., Washington, D. C., Richmond, Va., and Cumberland, Md., over July 2-3-4 (Independence Day). The tour will be by way of the B. & O. railroad and Detroit & Cleveland lake steamer, affording a glorious three-day holiday, with 17 full hours to enjoy at the Shrine and in Detroit, Mich.

For full information and reservations, phone Vernon 5269-J or write to Baltimore Social Tours, 328 Park Avenue, Baltimore, Maryland. Office hours, 12 noon to 5 p.m., and 7:30 p.m. to 10 p.m.

DEDICATION DAYS

JUNE 12—"The Echo" Cruise from Buffalo.

JULY 2-3-4—Boston, New England, New Jersey, Philadelphia, Baltimore.

JULY 10—Western New York, Buffalo, Syracuse, Rochester, Troy, Albany, Eastern Pennsylvania, Pittsburgh, Altoona, Erie.

JULY 17—Chicago, Illinois, Kansas, Iowa, Columbus.

JULY 24—Indiana.

JULY 31—Cleveland, Akron, Missouri.

AUGUST 7—Kentucky, Dayton.

AUGUST 14—Toledo, Piqua, Sidney, Lima, Troy, Ohio.

AUGUST 21—Michigan, Wisconsin, Minnesota.

SEPTEMBER 3-4-5—National Day—for all.

ST. LOUIS, MISSOURI, GRANITE CITY, EDWARDSVILLE, LITCHFIELD, DECATUR AND DANVILLE, ILLINOIS

Tour to the Shrine of the Little Flower
July 30-31

Round Trip $10.00

(Based on 300 or more)

For more information contact:
Wm. J. Bley, 5023-a Devonshire Ave., or Joseph De Moor, 2739 Gravois Ave., or H. Miller, 2335 Whittemore St., St. Louis, Missouri.

CLEVELAND DAY PROGRAM

Sunday, July 31st

Leave Cleveland Union Terminal	**7:30 A. M.**
Leave Linndale	**7:40 A. M.**
Arrive Detroit	**10:50 A. M.**

RETURNING

Leave Detroit	**8:00 P. M.**
Arrive Linndale	**11:20 P. M.**
Arrive Cleveland Union Terminal	**11:30 P. M.**

$6.95 Round Trip

Includes Round Trip Transportation from Cleveland to Detroit and return.
Luncheon at Detroit.
Sightseeing at Detroit and at Royal Oak.
Dinner at Detroit.
In fact the low price covers all of your expenses.

EASTERN PENNSYLVANIA NEW JERSEY DELAWARE

Official Tour to
the Shrine of the Little Flower
July 2-3-4, 1938

LOW FARE • ONLY $14.00 • ROUND TRIP

(Based on 300 or more)

Floyd M. Nellett
151 South Broad St.
Philadelphia, Pa.

Please make reservations for ( ) on your special train to the Shrine of the Little Flower in Royal Oak, Michigan.

Name.....

Address.....

City.....

Mail this coupon immediately

Kindly send me information about your special train to the Shrine of the Little Flower, July 9-10-11.

Name.....

Street.....

City.....

Mail this coupon to Mrs. Anna M. Nardina, 1361 Oakhill Street, N. S., Pittsburgh, Pa.

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THE "MESSIAH" in the Sealed Car

by GEORGE SYLVESTER VIERECK

Author of "The Kaiser on Trial"

Uncertain Whether Their Reception in Russia Would Be an Ovation or an Arrest, Lenin as Spokesman for His Band of Thirty Radicals, Spent the Hours of the Train Trip Across Germany Preparing His Speech. He Was Determined to Deliver It If Only to a Firing Squad: But, in St. Petersburg, It Was Fated to Fire the Torch of World Revolution.

LIFE RARELY lives up to great moments. The trivial walks hand in hand with the sublime. Fate, ever jealous of human dignity, played a scurvy trick on the man who was destined to be a god. According to regulations, strictly enforced by the German crew, smoking in the coach was forbidden. Several Bolshevist ideologists who could not think without belching like chimneys, monopolized the toilet of the car for the enjoyment of secret smokes to the annoyance of certain comrades who had other legitimate uses for this convenience.

Suddenly the world-encircling reveries of the High Priest of Marx were punctuated by loud curses and high-pitched disputations. That in itself was not surprising. The Bolshevists were always gabbing and gabbling over fine theoretical points, like medieval theologians who could not agree on the precise number of angels capable of dancing on the point of a sword.

A crisis was plainly at hand. Two committees, representing the two hostile groups, presented the dispute to their exalted leader. Abramovich cited Marx, Zinovieff retorted with quotations from Engels. Russia's future Dictator, equal to the occasion, tore a sheet of paper into small scraps. These scraps, signed by him, were passes for the toilet. He issued only one pass for smoking to every three passes for other purely natural physiological needs. That revealed his sturdy common sense. His decision restored the tranquility of the comrades. After Lenin's death they resumed their bickerings. They did not stop quarrelling until Stalin stopped their mouths forever.

When they were not engaged in quarreling, Lenin's companions sang the *"Marseillaise,"* or intoned the Red *"Internationale:"* "Arise ye prisoners of starvation . . . " They carefully observed the expressions of the people at the window at the stations where the train halted, but no opportunity for conversation with outsiders presented itself until the train reached Frankfort.

At Frankfort the German trade union delegate, accompanied by an army colonel, entered the train, and asked for the stipulated interview with Lenin. But Lenin had forgotten his promise. What is a promise to a bourgeois? He absolutely refused to see the German comrade. He knew that the train could not now turn back. Platten offered all sorts of lame excuses, but the German was granted not even a glimpse of Lenin. Crestfallen, the comrade and the colonel left.

"We refuse to have any dealings," Lenin wrote in one of his letters, "with German Plekhanovs . . . When our train was crossing Germany, the social chauvinists tried to clamor into our car, but we told them that we would not allow a single Socialist of them to enter, and that if they did enter, they would be pitched out. Had a man like Karl Liebknecht been permitted to see us, we certainly would have talked matters over with him . . ."

Lenin condemned all German Socialists, except the extreme left wing, as lackeys of the imperialist bourgeoisie. Between Stuttgart and Sassnitz, the last German station, no one attempted to intrude upon his privacy. Once they reached Denmark the car was "unsealed." The comrades sighed with relief.

AT STOCKHOLM the little Bolshevik band was greeted jubilantly by Swedish comrades who offered the children of starvation a typical collation of Scandinavian delicacies: mountains of cheese, enormous piles of salads, ham and hors d'oeuvres, covered a gigantic table. According to the semi-humorous recital of Radek, the thirty intellectuals threw themselves upon this unexpected meal with enthusiasm. The waiters gasped when the travelers to Utopia licked the platters clean.

"We did not," Radek admits, "behave like civilized beings. Most of us were accustomed to look upon a dried herring as a satisfactory meal." Radek was the plutocrat of the little band. Most of the travelers, including Radek, have been "liquidated" by Stalin. The Red crocodile, true to form, devours its own children—the customary diet of revolutions. It even desecrates its dead, although Lenin—for reasons of state—still occupies the place of honor in the Bolshevik Calendar of Saints.

Krupskaya, who shared his voyage through life and the trip in the sealed car, has so far escaped from the purge. It must be a curious sensation to be the relict of a god. Krupskaya accepts that honor without perturbation. She even clings to the gospels of her apotheosized husband, but Stalin is said to have threatened to appoint another "widow" of Lenin, if Krupskaya proves too orthodox. If Lenin's painted mummy were to come to life, would the Red Messiah himself escape Stalin's firing squad? But if Lenin had lived, could Stalin have seized the wheel and reversed the Master's course from the Utopia of Marx to the despotism of Asia?

The thoughts of the thirty traveling salesmen of the Revolution did not project themselves so far into the future. In the Swedish capital Radek persuaded Lenin to accept a new pair of shoes, but the Red "Messiah" resolutely objected to a new overcoat or new underwear. "I'm not going to start a tailoring establishment." A long farewell speech by a Russian comrade made Lenin fidgety. He was occupied with his plans and his dreams. From Torneo in Finland sledges carried the thirty across the frozen Baltic to the Russian frontier.

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At the frontier another train received them. It was not sealed; they were—presumably—free. Nevertheless they were unable to foretell if they would be greeted with plaudits or hand grenades. Lenin was polishing his speech, the speech that might be his last, when the first Russian soldiers entered. They made no attempt to arrest the returning refugees, but eyed them curiously. When Lenin talked to the soldiers he discovered to his chagrin that they were patriots, willing to defend Holy Russia. They considered themselves Russians, not proletarians. The Master and his disciples spent all night to convince them of the error of their ways.

Lenin's excitement knew no bounds when he was able to lay his hands on the first copy of *"Pravda,"* the Bolshevist organ. He was bitterly disappointed. The Bolshevists were beginning to weaken; they were ready to make common cause with other parties. Lenin was no friend of the People's Front. "We must go our way alone," he said to all inquirers. At every station more and more people flocked to see him. "Shall we be arrested?" he asked now and again. But the people who came to see him said nothing.

WHEN THE PARTY arrived in the capitol, suddenly the night became day. Huge searchlights played upon the homecomers. All St. Petersburg thronged to welcome them. An enormous crowd, milling at the station, chanted in unison, rhythmically, the one word; "Lenin!"

"Speech, speech," they cried. They were not disappointed. Vladmir Ilyich Lenin, who had never before addressed an audience of more than one hundred, held the multitude spellbound.

At last, representatives of the Soviets (not yet in control of the government) conducted him to the Czar's own waiting room in the station, still decorated with crowns and the initials of the unhappy Nicholas. The chairman of the worker's Soviet, Tchkeidze, who had failed to respond to his appeals from Switzerland, received him with a flowery speech: "In the name of the Soviets and the Revolution, we greet you!" That was music to Lenin's ears. But he did not like what followed. It was an exhortation for common action with other parties. That was written neither in the stars, nor in the heart of Lenin.

Lenin represented a minority within a minority—maybe a minority of one. He realized that he must capture his party before he could capture Russia and the world. Instead of the bayonet he had expected, a bouquet of roses was thrust upon him, but Lenin was not susceptible to flattery. He was in no mood for compromises or roses. He had come to destroy bourgeois society completely and to build on its wreckage the millenium of Marx.

"Soldiers, sailors, workers," he sternly retorted, "I see in you the vanguard of the proletariat. Everywhere the imperialistic war for plunder has been succeeded by civil war . . . We are beholding the dawn of the world revolution!"

At last the ovation died down.

Seated in an armored car, stopping to speak at every corner, Lenin reached the headquarters of the Soviets, a palace formerly belonging to the prima ballerina who was said to have been, at one time, the Czar's mistress. The art treasures of the beautiful danseuse had been smashed to express the moral indignation of the proletariat or looted to express its contempt for property. Here, seated amid the ruins of the bourgeoisie, the vast expanse of his bald head reflecting the light of a thousand candles, the Soviet saviour proclaimed: "The future has begun!"

Thus ends the saga of Lenin's trip in the sealed car from Switzerland to immortality in the Red Pantheon.

ACME

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Another Prediction!

ACCORDING to our records, it was the second week of October, 1936, when I predicted that, if the practiced policies of the New Deal were continued, another depression more destructive than its Hoover predecessor was in store for the United States, and that it would break with all its fury on November 10, 1937.

I was absolutely specific as to the day and date.

As history now records, November 10th was the day when the Roosevelt depression occurred.

I make no pretenses at being a prophet. I enjoy no psychic foresight. Any one else could have made this prediction thirteen months before the event, had he been in contact with the sources of information which I enjoy and had he been in possession of the facts which were presented to me.

Thirteen months before the Roosevelt depression engulfed America I was sincerely and forcefully criticized by trustworthy but uninformed men because I characterized the coming depression as one that was planned.

Unfortunately, neither then nor now was it ethical, or is it ethical, for me to disclose the source of my information.

In this article I will make another prediction. I will specify it by month and year. It will be based on information which recently has come to me from the same source which permitted me to make the former forecast.

Although it is most shocking and positively more alarming than the prediction relative to a mere depression, I am forced to accept it because my informants have not only proven their veracity but because their contacts are of such a nature that only a fool would disregard the information which I am now permitted to make manifest.

FOR a moment let us turn back to October, 1936. At that time I was keenly interested in campaigning for the defeat of the so-called New Deal because I had been informed that its policies would produce nothing but disaster. I do not refer to its *advertised policies* which were just so much camouflage. I refer to its *practiced policies.*

On the other hand, my knowledge of the Old Deal, with its rugged individualism, its heartless usury, and its concentration of wealth would not permit me to encourage my friends and followers to support the Republican candidate and thereby bring about a return of Hooverism.

Consequently, the National Union for Social Justice, endeavoring to steer clear both of the Scylla of Republicanism and the Charybdis of New Dealism, supported candidates for the presidency and vice-presidency of our nation who owed allegiance to neither of the old parties. In doing this, we had no hope of gaining a political victory as was frequently said during the campaign. We had only one hope—the hope of retaining our independence from both political parties and the hope of being able to approach our followers at a future day with clean hands.

That future day arrived on November 10, 1937, when history proved our predictions.

Now, I am not approaching you who read these lines with any political nostrum. I am morally certain that America has gone too far into the depths of a depression to be rescued either by politicians or by political parties. In fact, the next generation will not be referring to this as a depression. It will call it by its proper name—a bloodless revolution instigated, propagated and directed by the powers of anti-Christianity. These powers, taking advantage of the mass ignorance of our people, accomplish their purposes under the cloak of humanitarianism and justice.

I am morally certain that these same evil powers will accomplish their final and complete purpose in the near future unless there is an immediate, forceful and dominating revival of Christianity that will be powerful enough, under the direction of the Holy Ghost, to repel the advances of Satan himself.

Affairs have gone too far, I repeat, for either politicians or political parties to remedy them.

My informant tells me that the bloodless revolution is being brought about through a planned policy of destructionism—a destructionism which pretends to alleviate suffering, poverty, unemployment and hunger; a destructionism which is so cleverly operated that it actually destroys when it seems to produce; a destructionism which is so cleverly gaged that it has deceived, in many instances, even the elect; a destructionism, while pretending to help the under-privileged and the exploited, help them only insofar as it wins their good will and support but never succeeds in alleviating their sad economic plight; a destructionism which eventually aims at bankrupting the nation and thereby bringing about repudiation of debts and the overthrow of government.

1. The policy of destructionism accepted by America manifests itself:

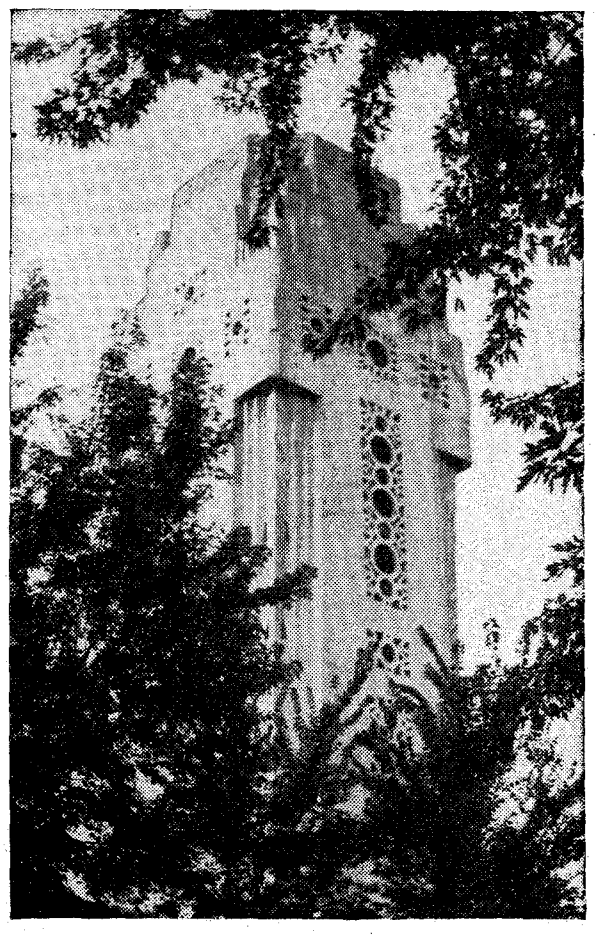
(a) In the destruction and limitation of cotton, corn, wheat, pork and foodstuffs in general.

(b) In the destruction of private initiative insofar as it is now accepted by millions of citizens that the Government must support the citizens whereas formerly the citizens supported the Government.

(c) In the destruction of private property insofar as even at this present writing the Government agency known as the H.O.L.C. is confiscating more than one thousand homes a day and that another Government agency, together with banks and insurance companies, are confiscating more than two thousand farms a day.

(d) In the destruction of States' rights, insofar as relief for the poor, for business and for agriculture is concentrated in a central power.

FROM THE TOWER



(e) In the destruction of morality, insofar as the nation is being flooded with scurrilous literature such as appears in *"Ken"* magazine, in *"Life"* and in other best sellers; and in the destruction of organized religion insofar as more than 72 per cent of our church properties are encumbered with unpayable mortgages.

(f) In the destruction of capital, insofar as the nation is being flooded with bonds which the Government originally handed to the Federal Reserve Banks for more than thirty-one billion dollars worth of New Deal loans. Seven billion five hundred million dollars worth of these bonds are held by local banks and insurance corporations who bought bonds from the Federal Reserve Banks and thereby did not invest this seven and a half billion dollars in industry, in building, in prosperity.

(g) In the destruction of wealth through the process of taxation. By this I mean that the Government levies taxes against the citizens to obtain real money with which to liquidate the thirty-one billion dollars worth of bonds which originally sprang into existence by the Federal Reserve Banks writing out a check for the Government and receiving in return for the fountain pen check the thirty-one billion dollars worth of bonds. Day by day fewer people are able to meet their tax bills. Day by day the burden of the total tax becomes heavier upon those who still are able to pay.

The policy of destructionism made manifest in the above items is calculated by the agents of Moscow to reach its climax when sixteen billion, six hundred million more dollars will have been borrowed by the Federal Government from the Federal Reserve Banks. At that point, when our national debt reaches such a height and when taxes will have been increased to meet the obligation of the bonds then extant, the climax will have been reached when the agents of Moscow have calculated that bankruptcy will ensue. This means that the taxpayers no longer will be able to meet the obligation of the fountain pen credit money and the bonds then existing. This means that the bonds will depreciate so radically that there will be a general dumping of bonds upon the market. This means that stocks and bonds will melt to a mere fraction of their present values. This means that repudiation of bonds, or general confiscation of property will follow.

When this Moscow information was handed to me more than three weeks ago, I shuddered at the prospect which was awaiting us. Then, I concluded, it was best to employ some actuaries and financial experts to check the Moscow figures. Five days before the writing of this article their unbiased report was given to me in strict confidence. Their figures coincided with those of Moscow with only a slight difference of three hundred million dollars.

Now, my most dependable informant, who has gained his information from Moscow headquarters, further informs me that it is the hope of the revolutionists to have expended the sixteen billion, six hundred million dollars by April, 1941. This means that besides the five billion dollars which the New Deal is now borrowing in the form of fountain pen credit from the Federal Reserve Banks, another sixteen billion six hundred million will have been borrowed by April, 1941.

That it will be borrowed and totally expended shortly after that date appears to be morally certain when we consider that the great majority of uninformed but well intentioned Americans think that the New Deal is performing a just and humani-

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NATIONAL WEEKLY

Social Justice

Founded 1936 by Father Coughlin

Rev. Chas. E. Coughlin, LL.D.
EDITORIAL COUNSEL

(By Permission of His Superior)

Published by The Social Justice Publishing Co.

16 PRINCIPLES OF SOCIAL JUSTICE

Liberty of conscience and education.
Just, living, annual wage.
Nationalization of important public resources.
Private ownership of all other property.
Control of private property for public good.
Abolition of Federal Reserve Banking System and establishment of a government-owned Central Bank.
Restoration to Congress of its sole right to coin and regulate the value of money.
Cost of living maintained on an even keel.
Cost of production plus a fair profit for the farmer.
Labor's right to organize.
Recall of non-productive bonds.
Abolition of tax-exempt bonds.
Broadened base of taxation on basis of ownership and capacity to pay.
Simplification of government and lower taxes.
Conscription of wealth as well as men in event of war.
Sanctity of human rights preferred to sanctity of property, with government's chief concern for the poor.

A "Living Standard" Wage

According to New Dealers there is no reality associated with the phrase "the American standard of living."

By its words and promises the New Deal publicly professes its solicitude for the under-privileged. By its actions the same New Deal assiduously operates to perpetuate the condition of the under-privileged.

To bear out these assertions, ponder upon the official figures recently published by Colonel Harrington, the assistant administrator of the W.P.A. These figures disclose, in a comprehensive chart, the different rates of pay scheduled for the various States under the W.P.A. The average monthly wages paid to W.P.A. workers for unskilled labor are as follows:

Arkansas	$26.40
North Carolina	23.90
Mississippi	24.33
Kentucky	25.60
South Carolina	26.22
Illinois	54.20
California	59.83
Connecticut	64.33
Pennsylvania	59.97
Ohio	55.45
New York	60.90
New York City	72.23

The above figures, taken from the official chart of the Government, make manifest a hideous condition of partisanship, of New Deal nepotism and of injustice.

Questioned as to the justification of this inequality of pay to unskilled W.P.A. laborers operating in various parts of the nation, Harry Hopkins, the administrator of the W.P.A. said:

"I think our wage scale is not based so much on the cost of living as it is on the standard of living . . . Our figures show that it costs as much for a worker to live in Washington as it does in New York, and certainly the difference between the wages we pay in New York City and South Carolina does not represent a difference in the actual needs of the workers.

"The difference is rather in the standard of living."

In other words, Mr. Hopkins, the official mouthpiece of the New Deal, testifies on oath that the New Deal does not take into consideration the cost of living; that the New Deal admits that the cost of living in South Carolina and New York City are practically the same; and that the New Deal, indifferent to the cost of living in South Carolina, pays the W.P.A. laborers according to their standard of living—a starvation standard.

Social Justice, in its Christian attitude of regarding even the least citizen as a vicarious Christ, protests against this unjustifiable inequality which permits the New Deal administrators to classify citizens according to the norm of paganism.

The mind of the New Deal is not filled with the doctrine enunciated in the parable of the vineyard. Therein Christ treated every laborer justly, giving to him a living wage based upon an equitable standard of Christianity and not based upon a standard of favoritism, partisanship or nepotism.

Some day the millions of duped W.P.A. workmen will realize that they are being used in the most gigantic swindle of the ages. The New Deal well recognizes that the solid South will remain Democrat for years to come and, therefore, treats the W.P.A. voters of the South not half so well as the slave owners treated the cotton pickers before the advent of Abraham Lincoln.

Engineering the expenditures of the funds of the W.P.A. to net the Northern votes, which ordinarily were not favorable to the Democrats, the New Deal pays a little more to the workers to purchase the re-election of a government which, eventually, will level off all wages and consign the Northern laborers to the same standard of living which now exists in South Carolina.

Bloody Riots in Michigan

Although more than one-half the workmen of Detroit are jobless and although it is difficult for any man in this city to obtain factory work, Mr. Reuther, schooled in Moscow, led the U.A.W. forces against a group of five hundred men employed in a brass foundry—men who did not belong to the U.A.W.

This Reuther riot was one of the worst which occurred in Michigan.

Sane persons are asking themselves: "What does Governor Murphy intend to do about red Reuther and his practiced policies of instigating riot and producing bloodshed?"

Do the Governor and New Dealers of Michigan satisfy themselves by speaking soft words to these Russian schooled labor leaders?

Do the Governor and the New Dealers plan to follow the plans of communistic minded agitators?

Or do the Governor and New Dealers realize that it is their business to pass salutary laws and stamp out thereafter the class conflict policies which are being practiced from coast to coast in the name of reform?

At this writing, His Excellency, Frank Murphy, is campaigning throughout the State for re-election. The shield of his escutcheon is dimmed by his attitude towards the U.A.W. in Flint, Lansing, Monroe and Detroit. In each instance he has permitted a minority to over-ride and oppress the majority of the citizens.

Must Michigan expect a repetition of this policy as is indicated in the Reuther riot of the past week?

Class Co-operation Needed

The C.I.O., through Philip Murray, chairman of the Steel Workers Organizing Committee, recently laid before President Roosevelt a proposal for a conference of labor, industry, finance, agriculture and Government. The conference would have for its purpose the seeking of a "way out" of the recession.

In extending his remarks on the proposal, Mr. Murray said:

"Almost every section of our national population is each fully and wholly trying to serve its own purpose. And meanwhile, chaos continues to develop in the midst of petty bickerings over cure-alls."

Mr. Murray's analysis is partly correct, but in who have swarmed over and into the C.I.O.
presenting a program for co-operation between the classes, he comes in strange clothing. None has been louder than the C.I.O. in preaching class hatred. None, that is, except the Communists themselves, who have swarmed over and into the C.I.O.

Class co-operation is today's need, unquestionably. But for the C.I.O. to carry the torch for class co-operation is as strange as would be the spectacle of Social Justice merging with the *Communist Daily Worker*.

No co-operation ever was reached through hatred. Yet hatred has been the stock-in-trade of C.I.O. organizers, little interested in the Christian aspects of unionism; more interested in a large, dues-paying membership with which to do political battle with the A.F. of L.

Let the C.I.O. reform its own structure first, then let it speak of co-operation between classes—recipe of the great people's Popes Leo XIII and Pius XI—for permanent economic and political harmony.

From The Tower

Concluded from Page 5

tarian service in feeding the poor on dole rations and in operating through the inefficient W.P.A. organization. It is the plan, so I am informed, to make sure that the so-called depression will not be ended. Therefore, Congress, be it composed of Democrats or Republicans, will be forced to vote more relief money every eight or twelve months to continue paying starvation wages for relief and to continue exacting more taxes from the capital of those who own wealth.

It would be preposterous for me to expect you to believe this prediction just the same as it was illogical for me to expect you to have believed me in 1937—in the lap of a revived prosperity—when I predicted that on November 10th of the following year a more disastrous depression was awaiting us.

Nevertheless, I am writing a record and hope to see the day, if these things must come to pass, when the ardent New Deal supporters will reap the whirl-wind which they are sowing.

Do not misinterpret my words. I am in nowise accusing either Mr. Roosevelt or any other prominent New Dealer of participating in this destruction—with malice and forethought. Unconsciously and, perchance, innocently, they are cooperating with this policy which will mean the destruction of our American civilization.

Even Mr. Roosevelt himself was proudly boasting of the revived prosperity in 1936 when we were indicating the disaster which would follow in 1937. Likely, the incredulous will be loud in their assertions that this new prediction is an idle dream; that these things can't happen here.

My friends, there is only one way out. Above all things we are lacking the spirit of wisdom, understanding, counsel, knowledge, fortitude, piety and fear of the Lord. In one sense, we are to blame for this devastating condition. However, let the dead past bury its dead, because I call upon you to revive devotion to the Holy Ghost, the Spirit of Light and the Father of the Poor.

Last week, before a group of more than two thousand delegates who came to the Shrine of the Little Flower, I besought them, both Catholics and Protestants, to stand up and pledge publicly that they would pray to the Holy Ghost every day of their lives to prevent the realization of the catastrophe which I indicated above.

Indeed, neither politicians nor political parties can help us very much in this crisis. We need the Holy Ghost today more than ever.

See what He accomplished on the first feast day of Pentecost. He animated Peter and James and John and Andrew with the spirit of wisdom, understanding, counsel, fortitude, knowledge, piety and fear of the Lord. He filled them with the gift of tongues. He taught them all things that were necessary to overthrow the pagan empire of Rome and to establish a Christian state in Europe.

Without the Holy Ghost, even though they were ordained by Christ to preach, to sacrifice and to bless, they were impotent against the powers of darkness.

Most of you are soldiers in the army of Christ insofar as you are confirmed. Soldiers never were of much account unless they were organized. Consequently, remain faithful to your organization which is your church. Group yourselves together to forestall the assaults of Satan.

Three years ago thousands of you asked me to strike a button or medal for you to carry as an indicator of your allegiance to the principles of Christian social justice. Today I have done that. Thus, for each one of you who will write to me I have a medal of the Holy Ghost which was blessed here at the Shrine. I will send it to you for you to carry in your purse as we rally together in platoons to fight this battle against the powers of darkness, of ignorance and of arrogance. Christ our Captain is the head of our mystical body.

The Holy Ghost, the Spirit of Truth, is our animating principle Who will guide us on to victory.

From time to time I will be glad to communicate with you by letter indicating my suggestions to conquer in this battle, which is not against flesh and blood but which is against powers and principalities.

Please write to me this week for your medal of the Holy Ghost.

Father Coughlin

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The Week in the Nation

RELIEF

Federal Aid and Politics

THE clouded picture of federal, state and local relief for the jobless was confused further this week by distress extending in industrial cities of the middle west.

National attention fastened on the situations in Chicago—where 91,000 were cut off from assistance—and in Cleveland, where relief funds were exhausted. Unpalatable staple commodities were parceled out to dole recipients. State legislatures were sent into special session to untangle mazes of restrictive statutes and prohibitory regulations.

In Washington, as Senate action pried loose $50,000,000 of federal funds for emergency purposes, such as those in Ohio and Illinois, there grew the unpleasant knowledge that politics and relief were being mixed in doses too big for general consumption and comfort.

A proposal by Senator Arthur Vandenberg that relief be returned to the states "to provide more relief at less cost," followed charges by Representative Robert Bacon of New York, that "fluctuations in relief rolls are determined, not by actual need . . . but by political considerations, related to the incidence of general elections." In other words, politics and not hunger determines how much shall be spent, and where.

EVIDENCE

To support his charges, Representative Bacon produced a table of figures furnished by W.P.A. Administrator, Harry Hopkins. The figures showed that in non-election years relief rolls declined normally between June and October, when seasonal employment reached its peak. But in the election years of 1934 and 1936, the normal summer decline in relief was reversed.

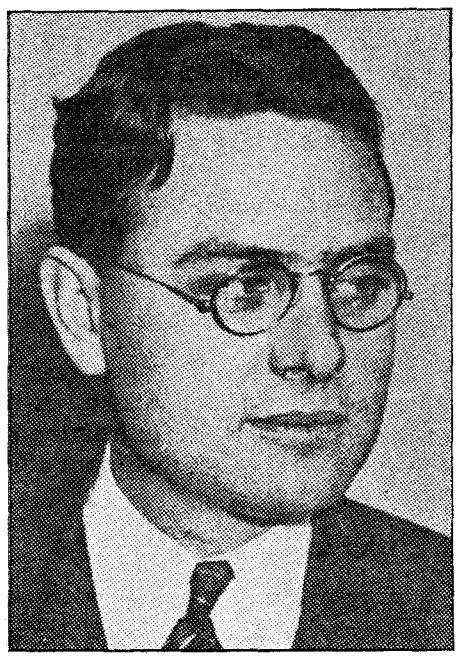
"In sharp contrast with these summer increases in relief and assistance rolls in the two election years, we find decreases between June and November in non-election years, as follows," Representative Bacon said:

"In 1933, a decrease of 3,243,000 persons; 1935, a decrease of 3,165,000 persons; and 1937, a decrease of 2,648,000 persons. There was no election in those three years," he added significantly. The Congressman showed further that fluctuations in relief were not related to industrial production. He pointed out that in 1933, the relief load dropped 3,243,000 persons, at the same time industrial production slumped 20 points, on the Federal Reserve Board chart. In the 1934 election year, 2,283,000 persons were added to relief lists between June and November, although the industrial production index moved upward during September and October.

In the 1936 election year, combined federal assistance rolls increased from 17,900,000 in July, to 19,113,000 in November. At the same time the industrial production index moved up from 104 per cent of normal in June, to 114 per cent normal in November.

In 1937, year of the sharpest industrial decline in the history of the United States, relief lists declined 2,648,000 from June to November. Thus, Representative Bacon concluded, political needs and not the conditions of general business and employment, determined the expenditures of relief funds.

Shortly after the Congressman's charges were delivered in the press, Mr. Hopkins made a noteworthy announcement. He said that about 2,600,000 persons were now on W.P.A., and that this figure would be raised to nearly 3,000,000 in 1938. The year 1938 happens to be an election year.



HOMER MARTIN, U.A.W. president, who attempted to placate the Communist faction within the union's ranks; saw his action kickback as all Detroit auto plants shut down, bloodshed occurred.

LABOR

Blood From Stones

THE desire of John L. Lewis to bring the nation's multi-million recipients of W.P.A. relief under his political wing is known generally. Little known, heretofore, was the method whereby it was attempted.

In Congress, Representative Clare E. Hoffman, of Michigan, foe of many New Deal measures, showed how W.P.A. workers, who were members of the United Automobile Workers Union, were being coerced into joining the C.I.O.'s dole-worker's union—the W.P.A. Auxiliary.

The system: Jobless U.A.W. members, working on W.P.A., were told either to join the Auxiliary and pay dues of 50 cents a month, or pay the union fee of $1 a month. If they did not comply, they would surrender union standing.

The method: U.A.W.'s constitution provides that jobless members shall pay no dues, but shall be given "unemployment receipts," which continue them in good standing. Under the ultimatum to W.P.A. workers, those not joining the Auxiliary and paying dues, will be denied these "unemployment receipts," and consequently union membership status.

Double evil of the system is apparent. W.P.A. workers are expected to support themselves and families on inadequate wages approximating $12.50 a week. Out of this meager fund is squeezed dues payment to a union which can serve no good purpose. Also, belonging to the Auxiliary—under control of the C.I.O.—W.P.A. workers would be bound even more tightly in their affiliation with politics. Already marshaled for the New Deal, they would be further regimented for Lewis and the C.I.O.

Internal Trouble

In the U.A.W., which Communists are attempting to tear apart, recent friction between President Homer Martin and Vice President Richard T. Frankensteen resulted in Frankensteen's demotion from the position of assistant to Martin.

RICHARD T. FRANKENSTEEN, demoted as director of the Ford organization drive. "I have made no deal with the Communists," he said as he stepped aside.

Last week, shortly after the *Communist Daily Worker* roared a demand that Communists be given their proper place in the union, Martin announced the removal of Frankensteen as chairman of the Ford organizing drive, with the implied understanding that the post would go to Communist-educated Walter Reuther.

Feeling of observers was that Martin is making a desperate effort to hold the union together; placating both parties to the quarrel in hopes of achieving harmony.

Bloodshed and Paralysis

Immediate events proved the appointment of Reuther to be a costly one. Known as a "militant" organizer, it was predicted Reuther would push the Ford drive more "vigorously" than had his predecessor. It was remembered that Reuther, and his brother Victor, were at the head of numerous violent outbursts in 1937's nation-wide General Motors strike.

Shortly after news of the U.A.W. shakeup had filtered through Detroit, manufacturers in every major automobile plant announced a general shutdown. Paralysis spread through the vast Ford and General Motors enterprises; reached into the smaller "feeder" industries, which supply parts to the great manufactories.

At the American Brass Co. plant, strikebound since April 19, one of the bloodiest riots in Detroit labor history occurred. More than 600 U.A.W. members were called to the plant—within Reuther's west side precinct—to augment the picket line thrown up by members of the C.I.O. Mine, Mill and Smelter Worker's union, the striking organization.

As a carload of workers drove from the plant gates, a group of pickets hurled rocks and stones through the car windows. Then began a pitched battle between police, pickets and workers that lasted for 20 minutes; sent more than 50 victims to hospitals in the area. At least one victim was expected to die of injuries received in the assault, directed from a U.A.W. sound truck.

Industrial paralysis and bloodshed testified that little "harmony" had been achieved by the elevation of the Communist faction; indicated that violence was the new order in U.A.W. policy.

ADMINISTRATION

Supreme Court Sniping

ANOTHER New Deal assault on the character, integrity and jurisdiction of the Supreme Court appeared to be moving rapidly forward.

Instituted by Agriculture-Secretary Henry A. Wallace, the new court smear has gained impetus in further action on the part of Solicitor General Robert H. Jackson, and Wallace.

With the court's finding in the Kansas City livestock case a starting point, Secretary Wallace has taken to Chief Justice Charles Evans Hughes to members of the Senate, and to the nation's press, his grudge against the supreme tribunal.

"I would be the last to deny that impartial courts have an indispensable place in our civilized society," Wallace told reporters in a prepared statement, "but if our judicial system should break down, the only substitute would be armed force. Therefore *it is imperative that we cherish and protect the integrity of our courts!*"

Wallace undertook to "cherish and protect" the court's integrity, by charging in the same statement that the courts sought to push their way into government administration by taking-over "rate-making and regulatory functions of administrative agencies."

Reviewing last year's disgraceful attack on the high bench by President Roosevelt and certain of his followers—an attack that split wide the New Deal forces — Wallace implied that unless the Supreme Court came to see things the New Deal way, another battle would be undertaken.

"One year ago a battle was fought to decide whether the courts would take over the function of determining legislative policy of the nation. That battle was suspended when the courts retreated from the legislative field," Wallace said, thus threatening another smear, or another court-packing proposal intended to achieve the ultimate desire—a rubber stamp court to supplement a rubber stamp Congress.

Decisions

The Wallace smear was poorly timed. Almost at the same time he was delivering his tirade, the court was deciding the important Mackay Radio Telegraph Co., and Remington-Rand, Inc. cases, the "Government's way." That is, in favor of the National Labor Relations Board, thus indicating the ridiculousness of the Wallace assertions.

Labor Board Side

Meanwhile the National Labor Relations Board, through Board Member Edwin S. Smith, leaped to the side of Secretary Wallace in urging resistance against the courts in their attempts to "usurp" functions of administrative agencies.

He denounced Senate and House critics of N.L.R.B., particularly Senators Edward R. Burke and H. Styles Bridges, who recently charged that the master mind behind the board is David Saposs, chief of the Economic Research division, a native of Russia, and "a professional radical laborite."

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The Week in the World

MEN and EVENTS

Mexico

"I don't care what is said about me in the United States I am here quietly, dedicated to agriculture." The speaker was General Saturnino Cedillo, "strong man" of San Luis Potosi, reported at that moment in the world press to be in revolt against the Cardenas regime in Mexico. His interviewer obtained the further statement, in response to reports that Cardenas was sending a military expedition into the state:

"I am ready to repell all aggression by means of arms but I place the responsibility for the blood that may be shed on the caprice of the man who seeks to make of Mexico a dependency of the Soviet."

At almost the same moment, President Lazaro Cardenas in Mexico City was giving newspapers the quiet assurance: "In regard to the alarmist versions that he will rise in arms, they are

Must Have Been

"I am here quietly dedicated to agriculture," says GEN. CEDILLO, "strong man of San Luis Potosi," reputed to be in revolt against Cardenas.

untrue. General Cedillo will not rebel."

Then who started the "revolution" in Mexico? Who but the internationalist agitators who control press sources and who boast that they already command 80 per cent of the press in the United States. SOCIAL JUSTICE reiterates the warning that the Communist capitol for world revolution is now in Mexico City.

Insiders in Mexico City are saying that the principal object of army maneuvers in San Luis Potosi is to show important generals *what would happen if they did rise.* The employment of 500,000 industrial laborers in the petroleum, railroad, manufacturing and mining fields is a greater problem for Cardenas than the difficulties of agrarian Indians.

The true significance of Cedillo—and the reason why Cardenas intends to "put him down"—is that he is the only anti-Cardenas man in Mexico whose name means anything. People recall his record as a warrior, they remember that as a governor he defied both Calles and Cardenas; they are aware that as an administrator he remained popular with his people while pursuing a policy that was generally favorable to industry.

"Lazaro Cardenas is nearer to being a fascist than is Gen. Saturnino Cedillo," writes S. L. A. Marshall of the Detroit News in what is one of the most honest reviews of the Mexican situation to appear in the daily press. "Neither man," says Marshall, "has any clear concept of what is meant by Marxism or fascism, or for that matter democracy. But if one is looking for the leader who has used power of government to regiment the people, he will find it in Cardenas rather than in Cedillo. The latter is, frankly and definitely, opposed to the policies that Cardenas represents. But because Cardenas proclaims himself as a great liberal and champion of 'democratic idealism,' it does not follow that the adversary who contends that Cardenas is neither of these things is *ipso facto* a 'fascist' or even a reactionary."

Cedillo is pictured by this writer as the "old school thunder-throated revolutionary who believes that capitalism is not necessarily a bad thing, but that men have a right to a good living, whether they are on the land or in the factory." His breed of men —and it has by now all but died out of Mexico—was never particularly articulate in the political sense. He had vague ideas about righting economic injustice, and helping the peon and the small farmer. But it was not communistic or syndicalistic, although it succeeded in writing virtually syndicalist principles into the Mexican constitution of 1917.

The observant writer adds:

"Now, however, the old war hawk, who 20 years ago would have been called a "red," is termed a "fascist." At what point did he change? About four years ago one began to hear references to Cedillo's "fascist tendencies" and his "private army of 20,000 men." He was then fighting a battle for the religious liberty of the people of the state in which he was governor. If Cedillo's stand for the right to worship, in the face of savage pressure from the central government, was what made him a "fascist," there is gentle irony in the circumstances that the man who tried to make him close his churches is now tarred with the same brush.

"Gen. Plutarco Elias Calles – the man behind the scenes in the Abelardo Rodriguez administration – was called a great liberal then, and is called a great fascist now. Cedillo, who has been to the left of Calles since before Calles was considered leftist, is another "great fascist."

"How easily the modern world aims to damn a man with a single word"

Cedillo is seen as one of the few possible checks against a dictatorship toward which the Cardenas government is slipping. Our State Department is quoted in the observation that if we do not string along with Cardenas we may get something worse. Stringing along with Cardenas may yet see something a whole lot worse, observes Mr. Marshall.

Canada

A national convention of Canadian fascist groups is to be held late in June at Kingston, Ontario, for the purpose of co-ordinating the various provincial programs and working for a Canadian corporative state, according to an announcement by the Canadian press.

Co-operating in the convention will be the National Social Christian party of Quebec, Canadian Nationalist party of Manitoba, the Ontario Nationalist party, the National Christian party of Regina, Saskatchewan, and the Canadian Union of Fascists.

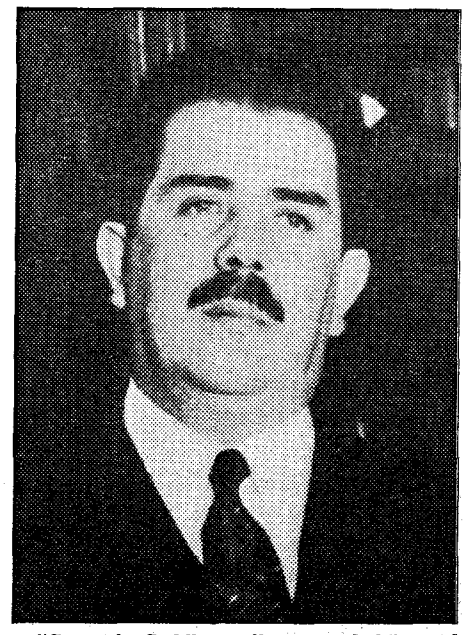
Likely candidates for national leadership are said to be Adrian Archand, head of the National Social Christian party of Quebec; William Whittaker of Winnipeg and Joseph Farr of Toronto.

Archand, press spokesman for the groups, said they hoped by political means to gain control of the House of Commons and set up a corporative Christian state. "Let Asiatics return to Asia, let the Africans return to Africa—Canada is for Canadians," said Archand whose group is said to parade in black shirts.

Matanuska

Completing their third year in Matanuska colony, Alaska, hardy pioneers of America's last frontier, 168 families will be "on their own after"

Two Other Fellows



"General Cedillo will not rebel," said PRESIDENT CARDENAS in Mexico City as he sought to allay what he called "alarmist rumors."

October 1. The government's "security development" subsidy of $75 a month will be discontinued on that date and colonists given an opportunity to buy their farms.

Two hundred farm families from the drouth and depression areas of Michigan, Wisconsin and Minnesota were transported to Alaska at government expense in May, 1935. Each family received an allotment of 40 acres of land and an average of $3,000 credit at the government commissary. About one fourth of the families moved out, and a few additional colonists came into the valley.

The three years of colonization experiment have been marked with both discord and praise. Families "resigning" from the government's assistance project had caustic comments to make about the management, and the hardships of frontier life. Those who are staying on, to purchase the additional tracts which they have taken up, are encouraged and hopeful.

Director Leo B. Jacobs reports that the valley's crop outlook for this year is a $120,000 market value. Dr. H. M. Colvin, W.P.A. legal counsel, reports 123 births in the three years and says that about a dozen new families have moved in since the colonists arrived on May 10, 1935.

Japan-China

The capture of Suchow is the first opportunity Japan has had since the occupation of Nanking in December to tell the people back home what is going on in the Chinese war. Spokesmen are making the most of their opportunity and whipping up a laggard enthusiasm for celebrating the hard won achievement.

In now develops that China had been preparing for a fortnight to surrender Suchow and were getting out to the westward and withdrawing from the important Lung Hai railway zone and its route to the sea.

Germany

When Hitler came into power in Germany, the Communists and their world press pictured him as a mere puppet in the hands of Fritz Thyssen, the Ruhr magnate, and of other capitalists who had given the Nazis support. Events have forced the abandonment of this theory. Whatever may have been the original hopes of the investors, capitalists do not dictate to Hitler; Hitler dictates to the capitalists.

"Perhaps the most striking thing about the National Socialist regime is the fact that its main support comes from the masses and that its severest critics are found not only among the intellectuals and churchmen but also among business," writes the Berlin correspondent of the *New York Times.*

It seems that the National Socialist "new deal," like that of Mr. Roosevelt, started with "pump-priming" on a gigantic scale but, forsaking free economy, enforced three principles, notably: (1) Price stability – which means also wage stability; (2) limitation of profits; and (3) putting all to work and taxing all.

"These principles," said the *Times* correspondent, "repudiated the purchasing power theory followed in the United States. Germany's prime consideration was a national mobilization for rearmament. Hence she was not interested in a price boom but in quantity production at the lowest price possible . . . A good part of the totalitarian ideas now dominating Germany received their final impetus from the success of the Nazi economic control."

At the top of all things in Germany —including business – is Chancellor Hitler. Field Marshal Hermann Goering, as commissar of the four-year-plan, is Germany's economic dictator. Theoretically independent, but practically under Goering, is the Ministry of Economics with an equal mixture of party representatives, military men and technical experts, composing the executive organ of the four-year-plan. It contains also the all-important office for foreign exchange control and most of the 27 control offices for raw materials.

Under the Economics Ministry is the Reich economic chamber, heading two sets of organizations, one regional and one professional. These in turn are divided into hundreds of subgroups down to the tiniest speciality. Attached to these organizations are honor courts that see to it that German business men adhere to the principles of the "honorable merchant" in all their dealings.

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The Aspiration of an Exploited People Is Voiced by Gandhi, Great-Souled Leader, Who Spurns the British Proffer of Dominion Status as Only Another Gesture of Deception on the Part of the House of Sassoon.

INDIA *Fights for Freedom*

by Ben Marcin

MAHATMA GANDHI

THE preceding three articles in this series of "Modern History That You Should Know" have depicted, in a small measure, the story of the conquest of India by the British East India Trading Company. It has been a sordid tale of excessive taxation, pitiless exploitation, unjust starvation and premature death—resulting in the destruction of one of the oldest and gentlest peoples of history.

The sad part of this sordid chapter of India's history is that the needless poverty is not lessening. Indeed, according to reliable testimony of loyal Englishmen, it is growing worse. Says H. M. Hyndman: "India is becoming feebler and feebler. The very life blood of the great multitude under our rule is slowly, yet ever faster ebbing away, even as we look on." Or again: "England is not preparing India for self-government, she is bleeding it to death!"

In the midst of this ugly picture stands Mohandas Karamchand Gandhi, who has been called "Mahatma," meaning Great Soul. The leader has accepted the tribulations of his people, fighting relentlessly for their freedom with something British guns are powerless against—the doctrine of non-violence or peaceful resistance.

Gandhi is a lawyer and was a successful merchant, although he has given all his wealth to aid his fellow-countrymen. He studied in London, and served valiantly for the British in the South African war. Being decorated, he returned the medals saying to the Viceroy: "I can retain neither respect nor affection for a government which has been moving from wrong to wrong in order to defend its immorality."

In London, Gandhi had observed closely Western civilization. He saw the free life of the English and their control over government and he believed that his own people should enjoy a similar independence. He could not understand, however, how British practices in India were so far from conforming with English theories. He marveled that a people so dedicated to liberty should be capable of enslaving the people of another nation like India.

Gandhi does not admire Western civilization. He wishes India to be free from the whole blight of feverish industrial slums, and exploitation. What is the purpose and fruit of this Western bustle and "overproduction"? he asks—this strange mechanism for concentrating wealth, in which the rapid production of goods only leads to universal depression and poverty—this marvelous system whereby the progress of invention results in great fortunes among a few, and increasing unemployment for all the rest?

Gandhi believes our standard of life destroys the best in men and offers them only the empty baubles of a material existence and, moreover, that this insane pursuit of material wealth inevitably ends in war. Our neighbor has something we might use—diamond mines in Africa, coal and iron mines in Europe, oil wells in Mesopotamia, markets in Asia or South America for our surplus goods and men. Sooner or later, we take them over and hold what we take; soon, the seized possessions are ours by sacred tradition, and any attempt to put an end to the theft is an open violation of the peace of the world.

What nobility can there be in a civilization that moves so naturally to murder and suicide, Gandhi asks, to diplomatic lies and invented atrocities, to universal conscription and a prostituted press, to gigantic national debts, and another war as soon as a new generation of simpletons grows up to believe new lies, not even remembering the old?

Gandhi asserts that when Western civilization falls and the people ask themselves amid the ruins "What have we done?" the real answer will be found in our one-sided educational methods. Every year we send out a million graduates trained in culture and business, but only a few know even the rudiments of morality and honor, see beyond the pursuit of wealth, or know how to live. He chides us by stating: "You have taught us to fly in the air like birds, how to swim in the sea like fishes, how to attain great speed on land, but how to live on earth you do not know."

IN 1917 the British government promised India self-government in exchange for the help India had given in money and men during the World War. India accepted the British promise. But, like the broken promises made to Lawrence of Arabia, the Bankers' Government of England forgot as soon as the war was over. It gave India a new constitution which was the same shadow of the 1858 change with the substance lacking. The Home Government retained complete control over finance, the army, police, and even the legislature was answerable to the Viceroy.

The latter was omnipotent. He is a political appointee of the House of Sassoon, chosen because of his profit-making abilities with the minimum of disturbance. He may only serve for five years: by then, it is assumed, he perceives the gross injustice and might become disloyal to the House of Sassoon.

In *"Disillusioned India"* by Dhan Mukerji, Jawaharlal, one of the leaders of the new India, asks "what can we do for the education of our people, when the Hindu Minister of Education must beg of the English Minister of Finance every penny at every turn, and the appropriation is so hopelessly inadequate?"

The Simon Commission was sent to India in 1928 and made its shabby investigation, and in 1929 Lord Irwin offered a Round Table Conference to determine if India could have a dominion status, like Canada. This was distasteful to the leaders of India. They asked: "Why must India's goal be a dummy dominion like South Africa May not India, though she has lived for forty centuries without hearing from Great Britain, have any destiny without British domination? Who is responsible for such logic?"

THE PROFFER of dominion status was only another gesture of the dominant House of Sassoon to preserve its nefarious gains. The Indian leaders reasoned "If we must suffer so, with massacres from British guns for demanding justice, why go through such torture for the fiction of a dominion status?" On December 31, 1929, they proclaimed to the world that India's goal is not to be a financial colony of the British Empire, but "a nation like America or any other free nation on the earth."

The most advanced leaders of India do not believe that Great Britain ever will give dominion status for the simple reason that she cannot afford it. India is a never failing source of revenue.

The following quotation, from Will Durant's *"Case for India"* covers the future well:

"Sooner or later the bondage of India will cause other wars as it caused the last. Every student knows that it was the threat of a Berlin-to-Bagdad railway that decided England to enter the Great war. Historians know that it was the fear of a French march through Egypt to India that made England fight until the power of Napoleonic France was destroyed; and that the mixed marriage of England with Turkey in the Crimean war was due to British fear that a victorious Russia would stretch a paw through Persia and Afghanistan into India. Let British workers realize that it was for this that a million of them were killed in the Great war—not for the rights and self-determination of small nations, but for the continued enslavement of great peoples.

"As Gandhi has put it: 'The late war was a war for dividing the spoils of the exploitation of the weaker races, otherwise euphemistically called world commerce.'

"If that is so, nothing can be added to the conclusion of Lajpat Rai: 'India holds in her hands the remedy for this universal misfortune, for she is the keystone of the arch of imperialism. Once India is free, the whole edifice will collapse. The best guarantee for the freedom of Asia and the peace of the world is a free, self-governing India.' "

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Managed economy was the pet hobby of Hammurabi, sixth King of the First Dynasty of Babylon, who, around 2,250 B. C. reigned happily for fifty-five years. This enlightened ruler described himself as the Beloved of Tu-Tu, the perfect King chosen by the gods Bel and Anu to supply the people "with luxurious abundance."

From his palace he promulgated a code, and regulated the price of everything, from the wage of brickmakers to the hire of a sail boat, or the fee paid a surgeon for opening a boil. Indeed, Hammurabi's code, beginning with an account of his scheme to establish pure government and "prosperity for the people for all time," and ending with a sizzling curse for his critics, was the forerunner, of the N. R. A., lacking nothing but a Blue Eagle and a Leon Henderson.

Though Hammurabi was an ardent reformer and a humane king, he at times found it advisable to cut off the fingers and break the bones of chiselers and defeatists who did not see eye to eye with him, or obey his mandate which he inscribed himself on a black diorite rock. And this business of separating wilful citizens from their members applied to hands and feet as well as fingers. Thus he killed two birds with one stone, not only making the punishment fit the crime, but reducing to a minimum the danger of over-production.

Hammurabi, the Beloved of Tu-Tu, also claimed as his helper the god "Adad, Lord of Abundance." He announced that he had "made the populace to rest in security." On the other hand, on the heads of the foolish who should oppose his rule, he called down the most dire calamities. Neither Secretary Ickes nor Senator Minton has excelled him in this respect. In a postscript to his code, he prayed that backsliders should burn "in a raging fire of swamp-weed;" that their lands should be turned into "a heap left by a whirlwind."

And, for the information of Henry Ford, the LaFollettes, and rebellious Congressmen, we may note that he decreed that, if a man should defy his master, and say "Thou art not my master," he should have his ears cut off. In the habit-ridden march of time, history has a tiresome way of repeating itself.

An open letter *to* PRESIDENT ROOSEVELT

by Amos Pinchot

SOCIAL JUSTICE Herewith Presents Some Excerpts of Another Searching Analysis of the New Deal and Its Fallacies of Planned Economy by the Brilliant New York Attorney.

The Hon. Franklin D. Roosevelt,
The White House,
Washington, D. C.

My Dear Mr. President:

I have often wondered whether you realize how far your philosophy has drifted toward autocratic government, that is to say one-man control, especially since your re-election and the Great Mandate.

Since that time you have asked for a bill giving you power to control the Judicial Branch of our Government. You have asked for bills giving you a dictator's power over business, over labor, over farm life. You have asked for power to control, to change the functions of, and even to abolish, every agency in the Government, including the Presidency. You have asked for power to strip Congress of its most vital functions and duties.

And though some of these measures have been couched in liberal language, and often prefaced with deceptive and liberal-sounding preambles, they have, in reality, been backward-looking measures. For every inch they conceded to liberalism they took us a yard toward reaction and one-man government. And the country was right in regarding them with fear and suspicion.

Many things you did, in the early period, aroused the country's admiration and that of liberals in particular. But as time has gone by it must be said, without questioning your motive, that you have fallen more and more under the influence of men who have little patience with democracy, who hate capitalism as Cain hated Abel, and who would like to see changes in our form of government which will mass enormous powers in one supreme leader, namely, the President. And here, as I see it, is the later New Deal's most damaging effect. It is because the purposes of these men have already been half accomplished, through legislation, that enterprise is crippled and recovery stalled.

Like the dictators of Europe, you have demanded more power as you have been given more. You have gained an ever tighter grip on government, business, labor and agriculture. Wages must be fixed by the Executive, hours must be fixed. The flow of industrial production must be regulated by the government. Prices must be fixed. Our farms must be sown and reaped according to the will of Washington bureaucrats. Congress and the courts must function in fear in the far-flung shadow of the White House.

And now there must be drawn into the ever-widening magic circle of Executive control the American press, which has so honorably supported the democracy theory of life and government during the last year. It is your own spokesman, the man who is supposed to be your candidate for the next vacancy on the Supreme Court Bench, Senator Sherman Minton of Indiana, now standing in Senator's shoes as chairman of the notorious Lobby Committee, who makes good your prophecy, uttered to Dr. Stanley High, after your re-election, that you would "do something about the press."

But in no case is your desire to seize power and more power better evidenced than in your demand for stupendous lump sum appropriations, which you may allocate for relief and other purposes, at your personal discretion, and without interference by Congress or the States.

WHEN a nation gets into deep water, and the people grow cold to its political leadership, there are two standard methods which, all through history, leaders have used to restore their prestige and make the people forget their trouble. One is to produce a war, or a war scare. The other is to spend huge sums and make the electorate dependent on and beholden to the Government. Sometimes both methods are used at once.

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After, it must be conceded, grievous provocations and aggressions on the part of Japan, you made at Chicago, on the 5th of October, a remarkable speech—indeed a speech unparalleled by that of any other President—in which you asked that a nation not at war with us should be "quarantined," as a carrier of disease. And since that time administration bureaucrats and diplomats, responsive to you have been rattling the saber at short intervals and courageously offering to save the country by throwing the American people into the breach.

In January, as has been noted too briefly in the press, a secret meeting of about fifty persons took place in New York City. At this meeting were represented the General Staff, the War Department, the State and Navy Departments, the press, business, and public relations. And a discussion took place covering the disposition of the American and British navies in a war with Japan, the methods to be used and the time it would take to inflame war spirit in this country, and the way to silence the opponents of war and to take critics of war, like Mr. Boake Carter, off the air.

On May 12, the May war-power bill was introduced in Congress, a bill which would create a complete presidential dictatorship the moment war is declared. The May Bill has been referred to by Mr. Carter as the bill to abolish American democracy. (*See* SOCIAL JUSTICE, *May 23.*)

But despite continued threats and growlings from Washington, including recent remarks of our ambassador to Great Britain and Secretary of War, Woodring, the effort to whip the country into a hate lather has, up to now, had little success for three reasons.

First, our newspapers, realizing that, after all, it is a serious business to expose our people to the horrors of modern warfare, have behaved with magnificent restraint and patriotism. Second, Japan ceased her aggressions and apologized. And, in the third place, China, getting her second wind, plus an increased supply of munitions from other nations, turned the tables on Japan.

To restore the prestige and power of the New Deal Administration, there remains the second alternative, that of enormous and rapid spending. And this was embodied in the pump-priming bill.

AS TO THAT part of your program which deals with relief for the unemployed, it will meet with little opposition. I think the country is united in demanding that they shall be looked after until they can find jobs in private industry. And surely it should be united in demanding that, in the administration of relief, the Government shall maintain a high sense of responsibility.

Relief, Mr. President, is too serious and, I may say, sacred a matter to be exploited by politicians, or used to violate a citizen's right to vote as he pleases.

Opposition to your continuing your effort to pull the country out of the depression by vast borrowing and spending, and staggering tax burdens, does not come from partisan or reactionary sources.

It comes rather from liberal and fair-minded men and women of all classes, who have watched the course of events, and who see that, after spending fantastic sums in a four years' trial of pump-priming—billions upon billions taken mainly from the public's pocket in taxes on the necessities and simple luxuries of life—production is still stagnant, unemployment is rapidly increasing, and the country is in many respects worse off than when pump-priming began.

Unemployment

KEYSTONE

On Sunday, May 8, in a radio broadcast, Mr. Harry L. Hopkins, Works Progress Administrator, defended pump-priming, and said that we should continue it in the future because it has proved successful in the past. Mr. President, let us see just what kind of a success it has been—and for whom? And, to answer this question, let us consult the testimony of leaders in your administration and of Mr. Hopkins, himself.

Let us first see what your pump-priming policy has done for the youth of America. During the hearings held early in May, before the House Appropriations Committee, Mr. Aubrey Williams, head of the National Youth Administration, estimated that seven million people between 16 and 25 years of age are today unemployed and neither in colleges nor schools. How shall we visualize this immense and unfortunate army of young people, who are denied opportunity in a country that is held in depression, while almost every other democracy in the world has made a real recovery and is now, economically speaking, in a normal or better than normal condition?

Mr. President, if, from a grandstand erected on Pennsylvania Avenue in front of the White House, you were to review a parade of these jobless young Americans, it would take them over three months to pass, marching from dawn to dark in ordinary military formation. Yet, while our new depression tragically keeps them from either making a living for themselves, or helping their families, Mr. Hopkins serenely announces that we have done so well under pump-priming and big spending, that we should go on with it on a larger scale than ever.

And how about agriculture? At the same hearings, Secretary Wallace predicted that our total farm income for the year 1938 would drop to 10 per cent below that of 1937, i. e. to $7,700,000,000. And this sum includes benefits from the Government. Our average pre-depression farm income was approximately $12-billion. And, in bolstering Mr. Wallace's appeal for more money to spend, Mr. Milo Perkins, assistant head of the Farm Security Administration, said that 360,000 farm families are today bankrupt and in need of immediate aid.

Since 1929, our farmers have been short $32-billion in their normal income. Producers of other basic commodities, lead, zinc, copper, etc., whose prices are largely governed by the same monetary forces, have had an additional shortage of fifteen billions, a total deficit of income and purchasing power of $47-billion. Among these producers, representing almost half our population, is much of the lost buying power that has caused unemployment.

Meanwhile, Secretary of the Interior Ickes asks for a billion dollars to spend on seven thousand public works projects, for the most part non-productive, to say nothing of the projects which will be started by Mr. Hopkins through the W.P.A. This, Mr. President, is putting government into competition with private industry for fair.

It is perhaps the longest step toward collectivism, and a totalitarian know-all and do-all state, that has been made by any modern nation with the exception of Soviet Russia. Yet this grandiose and costly excursion into socialism will concededly give work to but a small fraction of the unemployed, who shall soon be put to work in private industry if confidence and a fair chance to make a profit were present.

Treasury reports show that, from the time pump-priming began, we have spent more and more money each year. And, but for the brief and shallow-rooted revival of 1936, which was put to flight by the deflationary action of the Treasury and Federal Reserve in the spring of 1937, your recovery policy, based on big spending and pump-priming, has been a complete and tragic flop, during which we have at all times had at least half the reported unemployment in the entire world.

Meantime, Great Britain and twenty other nations which have followed her recovery policies—nations with a population of more than 650-million people — have avoided the pump-priming and big spending policy like the black plague.

In 1931, pump-priming was offered to England on a comparatively modest scale by the British Labor party, and politely but firmly rejected. Nevertheless, despite its downfall in England, the British experimental economist, Mr. John Maynard Keynes, came to Washington in 1934 and sold pump-priming to the Brain Trust.

In a speech in the spring of 1934, Mr. Keynes stated that the United States had become the outstanding economic laboratory of the world. And he said he envied the young men at Washington their opportunity *to test their theories on the American people.*

Since then, pump-priming, together with the managed economy theories—borrowed by the Brain Trust from Mr. Keynes and the British Socialists, and by the Socialists from Karl Marx—have been the twin curses which have ridden the long-suffering American people. They have kept us in uncertainty, debt and depression, while other democracies have marched confidently forward, far outstripping us on the road to recovery.

I REALIZE that it is often unfair to compare a man's past opinions with his present course. And yet the economic, and perhaps political, situation is today so similar to that in 1932, that President Roosevelt's former opinion of big spending may have relevancy. In a campaign speech at Sioux City, Iowa, in September 1932, he said:

"I accuse the present administration (Hoover's) of being the greatest spending administration in peace times in all our history—one which has piled bureau on bureau, commission on commission, and has failed to anticipate the dire needs or the reduced spending power of the people . . . On my part, I ask you to assign to me the task of reducing the annual operating expenses of the National Government."

And again, in March, 1933, he made this sweeping statement:

"For 3 long years, the Federal Government has been on the road toward bankruptcy . . . Upon the unimpaired credit of the United States Government rests the safety of deposits, the security of insurance policies, the activity of industrial enterprises, the value of agricultural products, and the availability of employment."

And yet, despite the now demonstrated failure of the big spending policy, the administration cleaves to it and to managed economy as a drowning man to a straw.

The motive of self-interest works most actively in the lean years of a depression. It is, therefore, only reasonable to expect that the groups, the communities, the millions upon millions of individuals, who will receive their share of the enormous sums—to be taken from the people in taxes and distributed by yourself and your friends—will support, at the polls, the candidates favored by you.

Not until later on will they realize that they will pay far more than they will be getting. They will pay in bad business, in low production and an impaired standard of living. They will pay in heavy taxes on almost every necessity of life. They will pay in unemployment and low wages and incomes. For from no other source than high production can employment, wages and incomes flow.

They will pay in the lack of opportunity and discouragement of the younger generation. And they will pay in the political corruption which the massing of money in political hands always brings. And, finally, they will pay in the loss of the finest heritage we possess, our democratic tradition and democratic form of government!

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Tu

A RESTAURANT owner recently confided to me with obvious satisfaction and complacency that he had, in a life insurance contract which he had been carrying for some twelve years, over fourteen hundred dollars "cash value" and about thirteen years "extended insurance."

Half humorously, I asked him whether he would provide me free lunches for thirteen weeks if I would first buy my lunch in his restaurants daily for twelve weeks.

"Why, of course not," he replied in some perplexity, "I could not afford to. Why do you ask?"

"Oh, I just thought you might care to sell me some extended nourishment," I said. "I suppose you could afford to do it, though, if I paid you double prices during the first twelve weeks?"

Then, for the first time, this man realized what his "cash value" was, and how his life insurance company could afford to provide him the thirteen years "extended insurance." He had merely paid for it himself in advance; and, had he died that day, his prepayments would have been lost to him as surely as mine would have been had I paid him double prices for meals, only to die before I began to consume my "extended lunches."

SUPPOSE that some progressive grocer, for example, should decide to smother competition by establishing a "Cash Value Grocery Store" and sell his customers on an old life "grocery investment plan."

Ten, fifteen, and twenty-year endowed grocery contracts; all for the same old canned goods. Single and limited payment, paid-up grocery contracts. Then, of course, there would be "ordinary," or "whole life" contracts, and the "straight" forms covering a term of years for those more suspicious of the supposed merits of the more highly priced "compulsory savings—investment" plans. It does not matter what the customer shies at, a contract can be provided to suit his needs and circumvent his suspicions.

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Tim Grogan's G.I.P.

By Charles F. Dickinson, Jr.

With patriotic self-sacrifice, the author offers gratis to all promoters who desire to become wealthy — to all economists who desire to revolutionize business — to all politicians who desire to reform commerce in the interest of the "forgotten man" — to all, in a word, who are imbued with the noble purpose to "take the other fellow." Tim Grogan's Grocery Investment Plan — a magnificent idea to sell common articles of trade on the old line life insurance plan.

The grocer, if he is as wise as his model, the life insurance salesman, will be interested in selling his customers the permanent high-priced contracts. These are the most profitable, for they bring in more money for future contingencies which may never occur. The customers will like them because they are the most expensive, and therefore simply must be good.

LET US NOW look in upon Mr. Timothy Grogan, grocer extraordinary, as he prevails upon his silent partner, Mr. Sam Blumberg, financier extrordinary, to back his scheme.

"I think the Johnsons ought to have a 'twenty pay' form," Tim Grogan is saying. "You know, Johnson cannot take care of his money as well as you can, Sam; so he should have a good sized investment feature tied up with his groceries.

"We'll charge Johnson $1,000 a year for twenty years. During that time we'll deliver him $500 worth of groceries a year, just as we have been doing in the past. The extra $500 you will invest at a rate high enough to enable us to credit Johnson's account at, say, 3½ per cent. After twenty years these payments will amount to about $14,635.

"You see, right here our salesman will show Mr. Johnson a profit of $4,635 on an investment of $10,000 due entirely to the merits of our grocery contract as an investment. When we point out that he has paid for his investment on the instalment plan, with an increase of over 46 per cent on the whole, it ought to take his breath. They can't call it a misleading statement these days — the United States Government expresses it similarly in the baby bond advertisements.

"Now, after twenty years, we will furnish Johnson his $500 of groceries as usual, but he will not have to make any more payments. That ought to get him, don't you think?"

"And we're not out anything?" asks Sam gaining interest.

"No. The interest on $14,635 at 3½ per cent will yield over $500. That pays us for the groceries; in fact, it leaves some $12 a year over. We'll mail Johnson a check for that, call it a 'dividend,' and show him our G.I.P. has provided him free groceries for life, a savings account of $14,635 which he could never have had without our compulsory savings feature, and in addition a cash dividend of $12 a year as long as he lives."

"Well, it's a nice picture from a sales viewpoint," Tim's partner agrees, "but there seems very little in it for us. We're sort of handling his money for nothing, aren't we?"

"Oh, no," explains Grogan, "we obtain many benefits. In the first place we assure ourselves of our grocery sales, which involves a profit for us. Next, we keep for ourselves all interest over 3½ per cent. Then, when Johnson dies, his principal payments, plus the 3½ per cent interest credited on them are released and become profit to us. In other words, my dear fellow, Johnson loans us money for nothing while he lives (or at a mere 3½ per cent if we wish to use it in the grocery business), gives us his grocery business, all with the understanding that we can keep the money when he dies. All we have to do is to give him his groceries regularly, and show him how his savings account or cash value is growing every year. All he has to do is make his payments every year for twenty years, quit worrying, and let us feed him the rest of his life!"

SAM SMILES understandingly.

"Ha! I see now!" he says, "But suppose he breaks the contract, either after it is paid up, or before?"

"Well, in that case, if necessary we'll refund to him the cash value we have built up for him less a surrender charge high enough to compensate us for our services in handling his money — incidentally, high enough to discourage his surrendering.

"But the chances are we can talk him out of surrendering by giving him the opportunity of borrowing his cash value, at 6 per cent, of course. We will point out that in this manner he can save the surrender charge as well as avoid the sacrifice of a magnificent investment.

"This matter of charging Johnson 6 per cent for the use of his own money may seem to you a bit queer at first glance, but consideration of the life insurance business will clear that point up. If Johnson himself objects to paying interest on his own capital, we will meet the objection with the same reasoning offered by the life insurance companies. They tell the customer that if he borrowed from a bank in which he had a savings account, or a building and loan association in which he had money deposited, he would still have to pay interest for the loan, so why expect a different situation when borrowing from his grocery investment?

"If Johnson does borrow, we will take the interest out in advance. That saves us the trouble of reinvesting it, and also operates to increase the real rate he pays. If we wish to follow our life insurance model to the last ounce of flesh we can also reduce his grocery deliveries a suitable amount, as the life company does in reducing the customer's insurance by the amount of his loan.

"Then, also, I think we might offer Johnson 'paid up' and 'extended grocery' features. These options will very likely remove any possibility of his surrendering his contract.

"Well, suppose Johnson wants to cancel the contract after ten years. His cash value on his grocery contract will then amount to some $6,070 which at 3½ per cent will earn over $200; so, we will allow him to stop making payments on his contract and furnish him with $200 worth of groceries a year as long as he lives. That is the paid-up feature.

"If that does not interest him we will offer him 'extended groceries.' I'll use the same example as before: Johnson wanting to quit paying after ten years. We'll permit him to cease payments on his contract, and furnish him his full $500 in groceries annually for thirteen years. That $6,070 at 3½ per cent will provide the $500 necessary, by dipping into the principal, for the full thirteen years and still leave over $1,400 for ourselves at the termination of the contract.

"Of course, the 'extended' option doesn't leave as much for us as the 'paid-up' option, but it is enough, and in any case it's better than having Johnson surrender his contract and withdraw his cash value."

"Well ,Tim," says Sam, "I guess you really have an idea, all right. There's a mint of money in the scheme if it sells, and I can't imagine why it shouldn't. The only difference I see between your plan and its prototype, at least from our standpoint, is that in life insurance a lapse is further penalized by a higher premium rate in case the policyholder subsequently wishes to 'buy in' again. Also the fear of not being able to 'buy in' because of impaired health or over age is a strong deterrent to lapses. Neither of these points are favorable in our case, but in spite of that, it is still a wonderful plan."

"If there seems to be a 'catch' in the deal," laughs Grogan, "just remember that the idea has been worked for billions by the old line life companies for more than sixty years! The public has been so well educated to the whole idea, and up to the present time more than satisfied to pay severe penalties for the privilege of buying its life insurance on the 'compulsory savings' plan, that I am convinced it would jump at the opportunity to buy our groceries on the same basis."

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Pump-Priming Will Create Purchasing Power Only to the Extent That the Government's Expenditure Exceeds the Taxes Collected.

Where do WE GO from HERE?

by Robert H. Hemphill

IT IS DIFFICULT to calculate just what effect the current "pump-priming" program will have for the reason that the amount of taxes the Government will collect cannot be very accurately forecast. The net addition to the circulating purchasing power of the country will be the excess of expenditures over tax collections. This net will be new money—new purchasing power.

What I mean is this: If Congress appropriates four billions or five billions for public works to create employment, and collects this amount in taxes, it is obvious that no new purchasing power is created and the Government will be creating as much unemployment by taking money out of circulation by tax collection as it will create employment in spending the money collected.

The net result will be a lot of newspaper headlines about the extravagance of the Administration but in the end we will still have the same fraction of our willing workers unemployed as we now have — PLUS THOSE WHO ARRIVE AT MATURITY DURING THE PERIOD.

The political result will be the complete discredit of this administration and the return of the old reactionaries to power, or a political upheaval that could easily upset our democracy.

All this ought to be obvious to any high-school pupil, if he or she were taught the truth about money and its relation to primary economics, but as long as the alert propaganda bureau of the American Bankers Association can control the newspapers and politicians of the country as they now do—and have done ever since the founding of the nation—there is little hope that our schools or colleges are going to teach pupils the truth about money or the banking racket.

It may be stated however, that the results of the much ballyhooed Government spending program will be greatly disappointing to those who hoped for some real improvement. It is quite evident that the President, the Treasury officials, the Federal Reserve Board and the House and Senate have no intention of facing the unemployment problem, and if all the money proposed to be spent in relief and Public Works, whether by the Federal Government or the States, and loaned to commerce and industry by the Reconstruction Finance Corporation is actually spent or loaned within the next twelve months, we will still have at the end of the period, at least ten million unemployed, from the ranks of those now idle, and in addition we will have at least a half-million more who will come to maturity during the next twelve months.

With all due regard for everything now proposed and being considered, you may safely calculate that there will be at least ten and one-half million unemployed in May, 1939.

I HAVE RECENTLY spent some time in Washington and have conferred with officials and members of Congress. Nowhere in the governmental set-up is there the disposition or the courage to face the facts. Governor Earle of Pennsylvania, who seems to have a good chance for the Senate, has made the only serious proposal to adequately meet the problem. He proposes a spending program of $10-billion over a period of five years. I strongly suspect that Dr. Luther Harr, Professor of Economics of the University of Pennsylvania, furnished the figures. However, this ten billion would have to be in excess of the tax collections to effect recovery.

The latest official figures indicate that we have in the deposit accounts of individuals, firms, and corporations something like 22 or 23 billions of dollars. Some of this is "deferred credit"—checks in process of collection—the latest wrinkle of the commercial bankers to paralyze industry and commerce, and which is contributing materially to this recession.

As a matter of fact we have in our checking accounts something less than $20-billion, and in consequence the current business is at the rate of something less than $60-billion of production-consumption per annum.

An adequate program would include public works on the scale advocated by Governor Earle — at least $10-billion to be spent by the Government in excess of the interim tax collections, as fast as production could be stepped up to supply the goods which the increased demand of this new money—new purchasing power—would create.

There is no mystery about these things. They belong in the realm of primary arithmetic.

We will have to have $30-billion in our checking accounts, in immediately available credit to transact the business necessary to a national income of $90-billion, and to produce and distribute $90-billion in goods and services at fair and reasonable prices and wages would require 6 or 7 million more men than are at present employed.

"Deferred Credit" against which checks cannot be drawn is of no immediate earthly use to anyone, of course, and its inclusion in official figures of checking account totals is a vicious and confusing error, which may be either official stupidity or an intentional and cunning device to smear the whole area of money and banking investigation with another cloud of uncertainty.

RECOVERING from this long depression is no simple matter however. There are many factors to be considered. Some of them are old, some are new. We have had depression for very nearly ten years. That is a long time. No former depression compares with it. All other things being equal, we likely have a much smaller number of trained men, comparatively, than at any previous time in our history, and contra, we have more untrained men. The last ten years has been to a large extent a lost period.

Under these circumstances, immediate full production is impossible. In 1921, the commercial banks of the nation, under pressure from the Federal Reserve Board in Washington, called 20 per cent of all their loans. The drop in business activity and prices was almost as steep as this current slump beginning in the spring of 1937. The public clamor was so insistent, however, that the banks quickly reversed their credit policies and business activity fully recovered in the 12 months following.

We cannot now repeat that recovery performance. We haven't the trained men and we have enacted laws and established doctrines which would nullify almost any program which would be adequate under other circumstances. We have an agricultural limitation program which is set to these depressed times. If immediate substantial recovery was effected the scarcity of food-stuffs would force the importation of large quantities of almost everything we consume and prices of food would go sky-high.

Organized labor is to a large extent now in the hands of radicals whose undercover purpose is to break down our democracy. With a fair measure of recovery there is little doubt that these men would incite exhorbitant and unreasonable demands which would inflate the prices of many products all out of proportion to the general price level.

It is not an encouraging prospect from any angle. Members of Congress are debating questions of whose importance and significance they have no conception because they have had no training in economics, and depressions and recovery are questions of economics—that phase of economics which is related to money. They are confused by professional lobbyists for special interests, and by the newspapers who are subsidized, or intimidated by members of the American Bankers Association.

Behind this medley of contradictory and conflicting factors, and completely shielded from the limelight, as usual, are politically powerful bankers who oppose every movement to increase the issue of money or any government-created substitute, hoping that some unanalyzed turn of the wheel will restore the good old days of "Bonanza Banking," unaware that these days of financial hi-jacking went out with the collapse of 1929, never to return.

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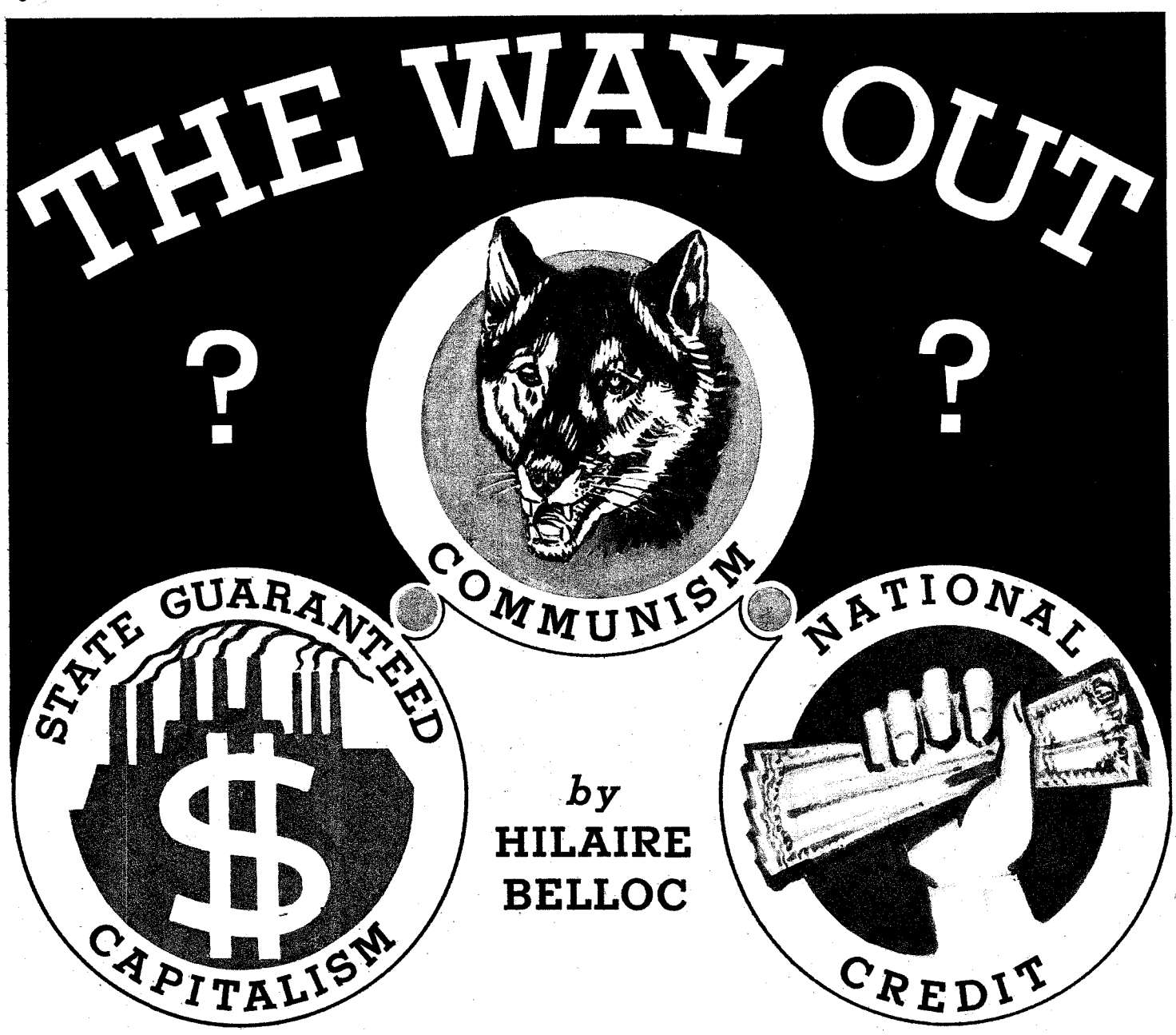

THE WAY OUT

by HILAIRE BELLOC

In the First Thirteen Articles of This Series Mr. Belloc Has Discussed the Intolerable Social Evils Which Industrial Capitalism Has Brought About. He Now Turns to the Remedies: True and False.

THERE are four main proposals offered for setting things right again, and finding our way out of the dreadful state into which we have fallen. The first three are false remedies, the fourth is the true remedy, which is the restoration of property, the building up of economic freedom for the mass of men, and the re-creating of that independence of the family which industrial capitalism has destroyed. Much the greater part of this series will deal in detail with this true remedy, the restoration of property; but first of all we must examine the false remedies. It is urgent that we should examine them because they are clamoring to be put into practice, and the worse and the more false they are the greater is their attraction.

These three remedies are, in the order of their falsehood and their imperfection, first, Communism, which is the worst; secondly the guaranteeing of capitalism by the State; and thirdly, that most interesting and well-known but illusory scheme called National Credit. I am going to deal with each of these in turn before talking of how to reach the true remedy of property, coupled with a Guild system and with State control of monopolies.

Communism makes a violent and direct appeal because it is "radical," in the original sense of the word "radical," which means, "going to the root." Communism goes to the root of the matter. It proposes to get rid at one blow of all the evils from which the modern industrialized proletariat suffers. The man from whom the pressure of those conditions has made life intolerable, grasps at the Communist remedy as a man dying of thirst would grasp at a pitcher of clear looking water—not knowing that it was poisoned. The appeal of Communism is so immediate, so plain, so comprehensible to every intelligence and so complete that, wherever industrial capitalism exists, men flock to it. The idea arouses enthusiasm in the oppressed and men are prepared to devote themselves to it as to a new religion.

We shall see in a moment why, in spite of these advantages, Communism is not only to be condemned in plain morals and common sense, but also why it is on the way to partial failure already.

THE second false remedy — State-guaranteed capitalism—is of high importance because it is being more and more applied in England, England being the country which first gave birth to industrial capitalism, the country whose language covers so great a part of the earth and the country which lends itself more than any other to successful political experiment. This false remedy has also taken root in England because it is the country in which, more than any other, men are prepared to obey laws in the making of which they have had little or no part.

It is not easy to find a name for this second false remedy, for, although it is already in full swing on our side of the Atlantic, it has not been given an official title; but we must give it a name if we are to deal with it at all: let us call it "Secure Capitalism." It is not State Socialism (as it is often called), though it is accompanied by many features of State Socialism.

The characteristic of this second false remedy, both in motive and in plan, is the saving of capitalism by certain reforms which, it is hoped, will make it stable and permanent; the most important of these reforms being the maintenance of the unemployed proletariat out of the taxes.

The obvious evils of modern industrial capitalism, the evils which come home to all its victims and that are most acutely felt, are insecurity and insufficiency. Industrial capitalism, being defined as a condition in which wealth is produced by instruments the direction of which is vested in a wealthy minority and *not* in the workers who use those instruments, there follows all that set of evils which we have been describing and announcing in these articles. Of these evils, I repeat, the quite obvious ones, which millions have experienced and violently resent, are insufficiency of livelihood and the insecurity even of that insufficient livelihood. It is difficult to say which of these two evils is the more desperate, each of them has driven masses of men to the verge of revolution, and the two combined were rendering life impossible in the industrialized countries.

Now "secure" or "State-guaranteed" capitalism is a system wherein these two immediate and obvious evils disappear. Insecurity disappears because the livelihood of every citizen is guaranteed by the State at a certain fixed rate. We find, when the system is complete, (as it is already nearly complete in Great Britain), that the only difference between the employed and the unemployed man is that the employed man *may* have (he does not always have) more to subsist on than the unemployed man. Insufficiency also disappears, in theory at least, for the public assistance given to the families that cannot obtain wages is calculated on a certain minimum, supposed to be sufficient to keep men clothed and fed and housed.

But "secure" or "State-guaranteed" capitalism, capitalism in its new reformed state, continues to manifest the original spiritual evil connected with all capitalism, which evil is the misuse of property; the special power of a small class of citizens, strong through no agency but their wealth, and the exploitation of the mass of men by masters to whom they owe no loyalty and with whom they have no spiritual tie.

When we come to study this proposed remedy of "guaranteed capitalism" in detail we shall see to what final evils this major spiritual evil of capitalism leads, however secure the livelihood of the people under it.

THE third false remedy is the least bad and also the most interesting. It is the remedy called "National Credit." It is associated with the name of its brilliant original expositor, who may well be called its discoverer, Major Douglas, and is therefore often called "The Douglas Scheme of National Credit."

The central idea of this reform is to check up the total productive power of the community and then distribute to all members of the community credit tickets which will provide them with purchasing power equivalent to the total possible production. Supposing that in a community there are stores of raw material and plant capable of producing a hundred billion dollars worth of goods, and that the community is only actually producing fifty billion dollars worth, there is a margin of another fifty billions which is not in existence, but which could be called into existence by citizens presenting their credit tickets as payment for the goods they desire.

How it is proposed to make the scheme work we shall see later when we come to consider it in detail. It is enough to say for the moment that it has the great advantage over the other two that it neither exploits men nor degrades them. There is nothing servile about it. The man with his credit ticket at the end of the week, giving him purchasing power over and above his regular wages, sufficient to buy, say, a good overcoat, makes his choice of the article as freely as the richest man buying the same under our present conditions. The wage earner will live, (according to the supporters of the National Credit Scheme) in the same sort of way he did before, but only with this difference: that he will have a much more satisfactory income through having a larger and a regular purchasing power.

As we shall see, when we come to the details of this scheme a few articles ahead, there is a great deal to be said against it, and that is why I have called it a false remedy; but it is not false in the sense that it is bad morals or inhuman. It does not rob anyone; it does not in theory oppress anyone. It does not even order anyone about.

Here, then, we have the three main remedies proposed: 1. Communism; 2. Secure, or Guaranteed, Capitalism; 3. National Credit. Now let us go into each of these in turn and see why we have called them false remedies.

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The CHRISTIAN WORKER

By Rev. W. J. Randall, C. M. S.

THERE has been many a laugh about the gentlemen who dwelt on pillars in bygone centuries—the "stylite" saints of the earlier ages. The mere fact that they dwelt on pillars seems to be all that the average modern man knows about them—just as he knows King Alfred the Great as "the man who burnt the cakes." It is not our business at the moment to defend the particular kind of asceticism of the pillar-dwelling saint; though it would be possible to do so in a single line—they dramatically drew attention to the fact of a life beyond this one. But it also happens that they brought out another fact — a fact which does concern us here. That is the fact that men are naturally fitted to live in society, the fact that men and women, taken all in all, are by nature social beings; that they are, in general, created to live not in hermitages but in homes and nations.

There are, of course, exceptions—the hermit of the desert and the saint of the pillar; the Carthusian and the Carmelite of today. But the point is that these *are* exceptions: they have a special vocation to live apart from their fellows. Human beings, in general, are "gregarious"—they have the herd instinct.

Now the Christian Church has always recognized and taught the truth that men and women are members of a big human family, with a common blood-bond and a solidarity, and with reciprocal obligations. In practice that society narrows down to the family group and the larger group of the state or nation—of which the family is the basic unit. Men and women, though they differ so much in individual qualities and gifts, are all the same *as men and women*—with the same value and the same destiny: the supernatural destiny of heaven. This tremendous truth stands behind the Christian teaching on man's social nature. And from it follows the truth that all men have the same essential rights and duties.

A great principle, this, and it goes all through human life and its activities—in the home, in the nation, in the workshop and the office, and in recreation. Among other revolutions of thought and ideas which Christianity brought into the world was this—it changed the whole idea of work and the relation of workers to each other. It faced the vast pagan world of slavery, where two-thirds of the people were literally the tools of the few. And Christianity, without immediately condemning expressly the system of slavery, gradually undermined that system—until we meet the idea of the Christian citizen as the "free and lawful man."

IT is not very easy to realize today what a terrific change this was—this attitude which regarded all men equally *as men,* and therefore possessing equal rights and equal duties. True, the wise old pagan philosopher Aristotle suggested, I think, that a slave-owner might look upon his slave as a human being, and under that aspect grant him human rights and dignity. But, actually, it was not applied in any appreciable degree by paganism. It remained for Christianity to bring in this idea as a fundamental attitude on which to run human affairs. And there, in Christianity, it ran through the whole field of men's activities—and it was applied to the department of life called "work."

From this arose, when Europe resettled from its melting-pot stage after the breakdown of the pagan Roman Empire, that association of workers known as the Guilds; a widely extended and elaborately organized system of which the Trade Unions of today (as G. K. Chesterton put it) are but "the ghosts."

Let us glance at the great Guild System—the organization of the Christian workers of the past. Realize, first, that they arose and thrived under the light and warmth of the Christian Church. Whether any such system *could* have arisen without that Church is an idle question — for Europe itself would have been quite different in the absence of the Christian Church. She was, in historic fact, the bulwark against the wholesale destruction of the Europe which existed—she tamed the wild Northmen into order with a long-suffering wisdom and patience manifestly divine. Under her mother-hand the guilds of Christian workers grew from infancy to sturdy maturity.

In brief, there were three classes of guild: the Religious, the Merchant, and the Craft. All were religious in the sense that all embodied the Christian outlook and practice; but the second two included specifically the additional objects of commerce, trade and craftsmanship. The "Frith" Guilds—those specially and primarily religious, had for their object the preservation of peace, justice and individual liberty: the safeguarding of the life of the "free and lawful man." The guild life was permeated with religious practice—the temporal and spiritual works of mercy: almsgiving, care of the sick, burial of the dead, and prayers and Masses for departed souls.

The guilds had their great annual "social." Commercially, they had a system of insurance which later became highly developed.

WE KNOW these things from the constitutions or "Guild Rolls" which have survived. There are four such survivors in England — from towns widely distant from each other: Berwick, Southampton, Leicester and Totnes. There is a Guild Charter—the oldest extant—which dates from the time of King Canute. By the eleventh century we find more than a hundred guilds in England.

The "Merchant Guilds" were primarily for the purpose of trade—its privilege and protection. They included in their ken all such matters as purchase of materials, contracts, prices, traffic in commodities. Like the "Frith" Guilds they organized festivities and cared for their sick and poor and orphans, prayed and had Mass for their dead. More than 90 towns possessed such guilds in the time of Edward I.

The "Crafts Guilds" were really a move against a monopoly by the "Merchant Guilds." For it must not be imagined that medieval merchants were all paragons of perfection or purveyors of undiluted justice — any more than merchants of later ages! There must have been plenty of sweaters and grafters in Europe—there is plenty of evidence that there were blackguards. Human nature is essentially the same throughout the ages.

The Crafts Guilds, then, gained sway in the early years of the twelfth century. In 1130 we find them in Lincoln, in Oxford, in London. By the reign of Edward III we find 60 of them. They had the same essential features as the Merchant Guilds.

ANYBODY who takes a glance at Dr. Walsh's great book on "The Thirteenth the Greatest of the Centuries" will see what a vast organization the Crafts Guilds became — every trade within their ambit, every department of work and the workers' interests dealt with: wages, hours, quality of workmanship, holidays (there were many "Holly Days" then). A medieval "Christian Admonition" sums up the guild ideal as follows: *"Let the societies and brotherhoods so regulate their lives according to Christian love in all things that their work may be blessed."*

The Plundering of the Guilds Was a Sad Loss for Free Men Whom the Church Had Helped From Slavery — In the Spirit Which Built the Guilds Lies the Hope for Labor Today.

"History attests," says Pope Leo XIII, "what excellent results were brought about by the Artificers' Guilds of olden times. They were the means of affording not only many advantages to the workman, but in no small degree of promoting the advancement of art, as numerous monuments remain to bear witness."

That is the restrained and considered statement of learning and authority. It embodies the tremendous truth that those past ages, those olden times, had worked out something approaching perfection *as a system;* even though individuals were imperfect. It had inspired and nourished a confraternity of workers based on the essential dignity and equality of man—a specifically Christian idea. If those con-fraternities had continued in Europe, free from the internal corruption of the Renaissance period; if, above all, they had not been weakened by the grasping greed of the first Tudor King in England, Henry VII, and then dissolved and plundered in the reign of the powerless boy King Edward VI, then subsequent workers might have had a very different history.

As it happened, the plundering of the guilds remains one of the biggest economic blots, as well as moral blots, on the page of English history and government—as such independent witnesses as the Anglican Bishop Stubbs and the expert authority Professor Thorold Rogers have testified. The attempt in England, round about the year 1912, to establish a Guild Socialism (a half-way house between State Socialism and Syndicalism) attests the appeal of the old idea to the modern social reformer. But it is rather vain to revive the husk when the kernel has gone. And the hope of the worker must be found in the force of the Christian principle which guided the great Guild System of the past, when the full light of Christianity, was diffused through the fabric of society as a binding mortar, despite some defective bricks.

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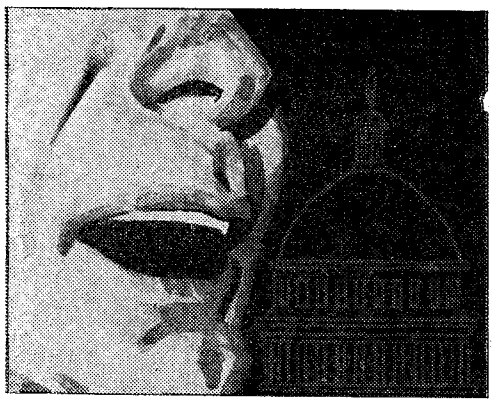
"Will the Gentleman Yield?"



Bill Provides New Rate System

By HON. WILLIAM LEMKE
Representative from North Dakota

UNDER the provisions of H. R. 10570, a bill providing for the "postalization of transportation rates," the Interstate Commerce Commission would establish nine regions within the continental boundaries of the United States. It would also establish within each region suburban districts. Outside of these suburban districts it would prescribe and fix, within each region, passenger rates between any two points in the same direction. These rates would be flat rates, irrespective of distance, for each class of service rendered within the same region.

For example, transportation in a coach would be $1 anywhere within the region, or $3 from the Atlantic to the Pacific coast. The transportation in a parlor car within any region would be $3, or $9 from the Atlantic to the Pacific coast. Again, transportation in a sleeping car within any one region, regardless of distance, would be $5 and from the Atlantic to the Pacific coast $15. These rates, of course, do not include meals or sleeping accommodations. Additional charges would have to be made for these.

This is not a new idea. It was adopted long ago by our Government in transporting first-class mail. You can send a letter from Brooklyn, N. Y., to Nome, Alaska, for 3 cents. Again, you can send a letter within the city of New York one block or 200 blocks for 2 cents. The Government has made money on the transportation of first-class mail.

We use this same principle in suburban and interurban transportation. You can get on a street car, bus, or subway and you pay the same whether you ride 1 block, 20 blocks, or a hundred blocks. In New York you can ride all day in the subway for a nickel. The success of this method of transportation is due to volume induced by reasonable rates. The rate is based upon service and cost as a whole and not upon the distance that an individual is carried. It is based upon the law of averages.

It costs, within a few cents, just as much to haul an unoccupied seat across the continent as it does an occupied one. It costs, within a few dollars, just as much to haul an empty car across the continent as it does one filled with goods and merchandise. It is the number of persons or the volume of goods hauled rather than the distance they are hauled that produces revenue for the railroads. The longer that a freight or passenger car stands idle on a side track, or the longer the distance that an empty car or an unoccupied seat is hauled, the less will be the revenue received and the greater the operating cost. Why not operate them at full capacity and at a profit in place of a loss?

Even W.P.A. Wages Belie Uniform Standards

By HON. JOHN M. ROBSION
Representative from Kentucky

THE President and some of his northern and eastern New Deal friends have been insisting on having uniform wages and hours throughout the United States—North, East, West, and South; yet in the administration of relief they pay the relief worker in Kentucky and other Southern states $21.60 a month with the high costs of living, and at the same time in some of the states of the North and East they pay as high as $60 a month in the rural sections for doing common labor, the identical kind of work being done by the W.P.A. workers in Kentucky and other Southern states who receive $21.60 or less per month, and are required to work more hours for this small sum than is required of those in the North and East. At the same time in many cases to my own personal knowledge these W.P.A. workers in Kentucky walk eight miles or more over rough roads, hills, and mountains each way, day and night, to get to the W.P.A. project. They must leave by daylight in the morning in the long days of summer to reach their jobs on time, and they get back to their homes after dark.

Now, why should W.P.A. workers labor under conditions like that in Kentucky for about a third of what is paid W.P.A. workers for doing the same kind of work in New York, Pennsylvania, Ohio, and other states? Is it because this New Deal administration feels that Kentucky and other Southern states are safely Democratic and therefore they can force the W.P.A. workers in Kentucky to dig in the mud for $21.60 per month, but in states that are normally Republican, like Pennsylvania, Ohio, and New York, they give them around $60 per month?

I am referring now to wages paid in the rural sections. It costs just about as much to live in the rural sections of Kentucky as it does in the rural sections of the North and East.

If it is fair under the President's wage-and-hour bill to pay uniform wages and have uniform hours in industry throughout the country, how can the Government justify its position in refusing to pay uniform wages on Government work?

Relief Defeats Its Own Objectives

By HON. DEWEY SHORT
Representative from Missouri

THIS whole procedure of relief tends to destroy the souls of men; it kills their ambition, takes away their self-respect, robs them of their sense of personal responsibility, and destroys the feeling of self-reliance that has made America great. Nothing will make hope die out of the eyes of men quite so quickly as to make them paupers or an object of charity. What American wants to depend upon political pull, signing away his birthright for a mess of pottage, in order to secure doubtful and temporary employment at starvation wages? This New Deal is not dispensing wealth, but is distributing poverty among our masses. As was so succinctly stated in an editorial which appeared in yesterday's *Washington Daily News*, a Scripps-Howard newspaper, friendly to this administration:

"To us it looks very much like a case of the administration defeating its own objectives. The best the Government can do with the most it can borrow and spend is to provide short-term jobs for a fraction of the unemployed, and most of these at relief wages. Real jobs at real wages for all the unemployed can be provided only by persuading private capital to go back to work. Billions upon billions of idle private capital can be coaxed back to work only when the day arrives that its owners 'think they can make a profit.' And that day will not arrive, we fear, until the people can foresee an end to Government borrowing."

Even John L. Lewis and Harry Hopkins, himself, admit that all the money appropriated in this bill will put to work only three and a half to four million of our 12,000,000 unemployed. What are the other 8,000,000 unemployed people in our country going to do? They will never be able to secure real jobs at real wages until confidence is restored to businessmen, in order that private capital can once more flow into the channels of private creative industry, which has made America what it is.

Let Youth Have Part In Manufactures

By HON. HOMER T. BONE
Senator from Washington

ONE of the most astonishing situations one confronts is that in the great public parks in the United States souvenirs descriptive of the objects of natural beauty in the parks are found to be manufactured in Japan, Czechoslovakia, or some other foreign country. A little dish, made perhaps of pewter or some other metal, bearing a picture of a mountain or some other prominent object of beauty in a park, is found upon examination to have stamped on the under side the words "Made in Japan." Even replicas of the Capitol are manufactured in foreign countries. Little totem poles, colored and manufactured in European countries, are offered for sale; and all this while thousands of boys in this country are idle or find refuge in C. C. C. camps or in W. P. A. relief operations.

The other day a party was held in Washington at which many ladies were present, and little favors were on the tables, one of which I secured for the purpose of illustrating to the Senate the desirability of enacting the very brief piece of proposed legislation which I have tendered. It was a George Washington birthday party, and little hatchets were distributed. This is one of them. It is a very patriotic-looking hatchet, colored red, white and blue, but down in one corner of it appear the words "Made in Japan."

I have made bold to suggest to Mr. Aubrey Williams and the office of Mr. Hopkins that an allocation of money be made by W. P. A. so that some of the young men in the West, and in other sections of the country, for that matter, who are unemployed may at least be given an opportunity to manufacture the souvenirs which are sold in such plentious quantities in our public buildings and national parks and other places throughout the country. It is a simple thing, to be sure, but it would be so much better, if we are going to spend money for relief purposes, to give our boys an opportunity at least to turn their hand to something which, undoubtedly, is a source of considerable revenue to producers in foreign countries.

Bill Destroys Greed But Not System

By HON. WRIGHT PATMAN
Representative from Texas

H. R. 9464—the Federal chain store tax bill now pending in Congress—will not destroy any chain company. But if enacted into law, it will restrain the greed of absentee owners, because the tax will be so high that they will be unable to operate profitably in a number of states.

The largest food chain—which has about 15,000 stores in forty states—might, for example, be restricted to 500 stores in one state. Its other 14,500 stores could be sold to local managers and local citizens, which will give that number of people a chance to go into business for themselves.

It is better for the country that—where business can be conducted by local people—it be conducted by them instead of by absentee owners. This certainly applies to both the retail and the banking business.

Our bill, although it levies a tax on national corporate chains, seriously affects only a very small percentage of them. There are about 1,500 retail chain companies in the United States. The average chain company owns thirty-five retail units. This bill, which is sponsored by seventy-five members of the House of Representatives, including myself, and who represent thirty-three different states, will actually affect seriously only about twenty interstate chain companies. In other words, the bill will substantially restrict retail distribution to the boundaries of one state.

The people who control these twenty interstate chains are now trying desperately to obtain the assistance of the local chains, which they expect to be their next victims.

Construct Business, Don't Destroy It

By HON. CHARLES A. EATON
Representative from New Jersey

IT IS evident that soon we are going to have a debt of forty-five or fifty billion dollars. It is equally certain that the wealth-producing agencies of the Nation will be bled white by unnecessary taxation. Unless we change our ways and take hold of this problem and put to work the constructive forces of American civilization instead of continuing to destroy these vital forces by means of alien-minded, wasteful, unproductive, punitive legislation, the given fact is that like the swine in the Scriptures, bedeviled and bedamned, we are going over the precipice.

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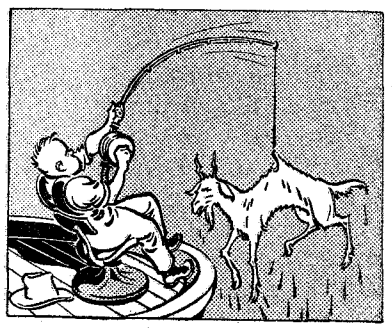
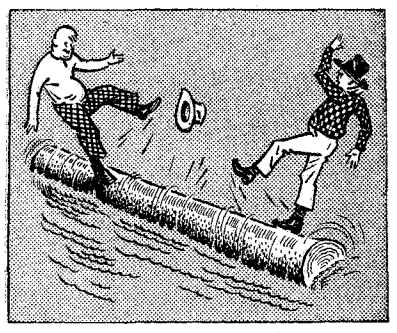


THE SPORT OF THE NATION

- POLITICAL FOOTBALL
- LOG ROLLING
- GOAT FISHING
- HOG CALLING
- BUBBLE-BLOWING
- HIDE AND SEEK
- SHIRT-STUFFING
- DUMMY WRESTLING



Rabbit Punch Kayos Congress

"Blame Babies," Says Mrs. Sanger, Lamenting War

NEW YORK, N. Y.—A new war-busting team popped onto the American scene this week as New York's Mayor Fiorello H. LaGuardia stated the problem, and Margaret (Blame-it-on-the-Babies) Sanger, gave the solution.

The beady-eyed Mayor, speaking in Washington, warned that we can expect war in Europe "at any moment," and asked that America quarantine herself. The Mayor either considers Spain's fracas just a little playful sparring, or else is among those who, having eyes, see not.

Mrs. Sanger, speaking in this city, unburdened herself of her favorite theory, that the whole trouble lies in too many people having too many babies. War, Mrs. Sanger believes, begins at the altar when man weds wife. A sizable portion of American husbandry—that part with rolling pin knots on the head—will agree with her, superficially. However, Mrs. Sanger speaks, not of domestic, but of international strife.

To Mrs. Sanger, the babies—blast 'em—as the cause of it all. First off, she takes the illogical position that the responsibility for war lies with those who stand to be killed rather than with those who stand to profit by war. Accordingly, she proposes a "Birth Control League of Nations," to slap baby quotas on the various nations.

In theory, this is very close to the Roosevelt-Wallace system of economic scarcity, under which plentitude is blamed for everything.

But, lurking over the entire operation of this new war-busting team, is the strange suspicion that the little Mayor is looking for a lively Republican issue, and Mrs. Sanger is kidding herself into ridiculousness.

Joe Wins; Wears Long Pants Before King

LONDON, ENGLAND—Ambassador Joe Kennedy, the man who battled against the Communists and Madame Perkins—and lost—has carried that pugnacious spirit full into the Court of St. James.

First of all, Ambassador Joe let it be known that the heralded and snobbish custom of selecting American ladies for presentation at the court was over, so far as he was concerned. No more, he averred, would Mrs. van Rytz trade upon a friendship with the diplomatic corps in an effort to get an in with King George or his handlers.

Then Mr. Kennedy decreed flatly that he positively would not, under any circumstances, appear before his majesty in short pants, come what may. This may have been a carry over from grade school days, or it may have arisen from a feeling that no man named 'Joe' should wear short pants. Whatever the reason, Joe showed before the royal family in conventional American evening dress, implying that the British lion might roar, meow, or wag its tail, and it would make no difference.

Of course Joe's dissention caused titters. Members of the royal mob went about, whispering behind fans, that Ambassador Joe couldn't be distinguished from the waiters, because both dressed the same. This would not bother Joe, however. The surprising thing is that the poodle fringe didn't find him in the recreation room playing pool with the butler.

Joe cleared up the Maritime situation in this country as much as he was able, and then for his thanks he was shipped out of the country because he couldn't stomach the reds. Only his ability keeps him afloat. In time Joe may have the entire St. James court wearing long pants, who knows?

OF MUSE & MEN

"YES, FRANK; NO, FRANK"

At least one ingenious Congressman knows the necessity of impressing constituents with his importance. When guests from the home district are in his office the following scene takes place:

A secretary opens the door. "The White House is on the phone," he says. Thereupon, the Congressman picks up the telephone, pauses momentarily, then says: "Why, hello, Frank . . . Sure, Frank . . . Well it may be alright, Frank . . . I'm not so sure about that one, Frank . . . No, I can't go with you on that one, Frank . . . Don't you think we'd better go slow, Frank . . . "

A pause follows, during which the Congressman frowns with feigned thought, doodles with a pencil and pad. "I'd advise against that, Frank . . . Yes, Frank . . . Well, I'll sleep on it and write you my suggestion . . . So long, Frank."

The Congressman then hangs up the receiver, turns to his constituents, mouths agape, and says in a matter-of-fact voice, "That was Frank."

* * *

A KLUCKER ON THE KOURT

In retrospect, when he looks back,
President Roosevelt surely must regret
His Supreme Court appointment of
Klucker Hugo Black,
Who, it has been established, is a
legal hack
When it comes to understanding the
fundamentals of law practice,
One raw fact is that his fellow jus-
tices on the high bench
Must, perforce, from his hands
wrench
Every opinion and rewrite it,
Unless some minion indict it
For its stupidity, ambiguity, ignor-
ance and so forth.
Yet Mrs. Black, the Klansman's wife,
does go forth
And whisper to all Washington the
secret Hugo fears—
That until his Supreme Court ap-
pointment, "Hugo hadn't
Opened a law book for 15 years!"

SIC 'EM

From the Philadelphia Inquirer

HAPPY THOUGHT OF THE WEEK

"PRESIDENT" ROGER BABSON

This week's happy thought is that Roger Babson, sometimes economist, sometimes political commentator, sometimes preacher, and alltimes syndicated wind-blower, isn't President of the United States.

Mr. Babson enumerates several things he would do if he were President. A consideration of his recommendations leads us to be thankful that he isn't. Among his "reforms:"

1. Pass the unemployment problem on to the church. (To all practical purposes that's where it is now.)
2. Work for a spiritual revolution. (Surprising he would dodge the real thing.)
3. Check liquor and gambling. (This would make him against crime; good, worthy motive for a president.)
4. Develop new industries. (Chamber of Commerce complex.)
5. Continue the Roosevelt foreign policies. (Why change presidents then?)
6. Go along with Great Britain and build up armaments. (Maybe he should run for the House of Lords.)
7. Tell the truth to labor. (Maybe we should run for president too. That's what we've been telling them!)

We add another recommendation: someone please tell the truth to Mr. Babson. We haven't the heart.

President is Victor in Short Fight

WASHINGTON, D. C. — President Roosevelt, a heavy puncher and a "money fighter" from the Farley stable, pulled an old one out of the book of tricks to score a quick knockout over Congress in the first round of their current battle.

Embroiled over the allocation of the greater share of the present, $4½-billion pump-priming fund, Congress decreed that this time it, and not the President, would have the authority to place the money as it saw fit.

Heretofore, heavy appropriations have been dealt out by the Presidential fist, enabling him to beat Congress into submission. Thus many "must" measures were punched into the faces of dissident Congressmen.

Riled over late defeats, the President once again sought to smash over his haymaker in the latest fiasco with Congress, by filling his fists with lump sum appropriations. Congress, however, blocked and feinted, and succeeded in convincing the President he should keep his left in close and his right near his chin. Congress insisted it, and it alone, should allocate the vast P.W.A. and W.P.A. sums.

The House appropriations committee went to work on the multi-billion measure, whittling here and there, adding here and there, but on the whole giving complete approval to the bill, with the understanding that Congress, not the president, would do the spending.

Mr. Roosevelt, however, stung with Congress' left jab, drove the opposition into the corner and smashed over a rabbit punch. He examined details of the spending bill in conference with Chairman Taylor of the House appropriations committee, gave his full approval, but then, as an afterthought, suggested a penciled marginal notation on the bill. The note said: *"Subject to the approval of the President."*

The punch, delivered quickly and with full force, sent Congress to the floor. The notation, accepted by the House, means that while Congress may distribute the funds as it will, the President retains a life-and-death veto over any and all expenditures. One expression of the Presidential will may upset careful Congressional action. Another may tip over a recalcitrant Congressman. And still another may withhold from a needy district, the money which would rehabilitate it.

Ringside observers agreed that it was a poor fight. They expected much more from a Congress that recently whipped the President in the Reorganization fight, and which knocked him out in last year's battle of the century over the Supreme Court.

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The Week in the News

POLITICS

Wage-Hour Upsurge

COMMENTING on the changing fate of wage-and-hour legislation in the present session of Congress, one Washington reporter wrote:

"It may seem grotesque that a measure hailed by some as the one great need of underprivileged labor, and denounced by others as the longest step yet toward government domination of American industry, should stand or fall on such an unrelated and unimportant series of events. But that's typical of Washington, particularly of Congress."

The events he spoke of were political manifestations arising out of the nation's five state primaries. His condemnation of Congress and "Washington," is in good stead. Congress plays politics while legislation, good or bad, burns.

Congress, asserting its independence in the reorganization bill fight, made an about face with the victory of Senator Claude Pepper, whole-hog New Dealer, in the Florida primaries. Shallow-thinking Congressmen flocked back to the New Deal mantle, feeling that Roosevelt magic still was the key to re-election.

In this temper of "statesmanship," like rats from a sinking ship, the Congressmen swarmed to the wage-hour bill, then frozen in rules committee. In two and one-half hours, 218 signatures were affixed to a petition to bring the measure to the floor of the House. Hasty action shoved it through. Disregarding completely the wisdom or fallacy of the measure, the waverers clutched at an opportunity to vote for it in hope of crawling out of the New Deal dog house.

Labor's Czars

After his defeat in the Pennsylvania primary, C.I.O. Czar John L. Lewis was invited to a White House luncheon with President Roosevelt. Immediate conjecture was that Lewis and his motley political following in Labor's Non-Partisan League, the C.I.O., and the W.P.A. Auxiliary, were being invited to go along with the regular Democratic slate in the pivotal Keystone state.

Suffering an overwhelming defeat, the Lewis forces nonetheless polled nearly half a million votes—important ballots in anyone's election. New Dealers realize to obtain these votes in the fall, they must make a better deal than the Republicans, set for a comeback victory in November.

Happy at the outcome of the Pennsylvania primary, A.F.L. Czar William Green apparently is feeling his way toward alignment with Republican forces, in some quarters at least. As Lewis went to lunch with the President, Green stood before the A.F.L.'s trade and label exposition in Cincinnati and scored New Deal policies of spending, class war and relief.

Concerning spending, he said: "How long can we go on this way? Where will the money come from? From what source will it be supplied?

"The simple truth is that we cannot go on fighting emergency conditions with Government spending forever. We must find a solution for our unemployment problem . . . The natural way to reduce unemployment is to provide work in private industry. The natural way to increase purchasing power is to raise American standards of living . . ."

QUOTES

"The founders set up a representative republic (not a democracy) in which the people, through agents of their own choosing, for a limited period, should exercise specified powers, deliberately checked and restricted by a written Constitution."—Nicholas Roosevelt, journalist and former minister to Hungary.

* * *

"As our middle class majority wears down by hard times, some of us sitting here at these various felicitous luncheon tables across America certainly will be on the other side of the barricades." — William Allen White, Kansas editor.

* * *

"The trouble with us, in the past, has been that we were too often allied or drawn into alliance with the wrong side. Selfish employers of labor have flattered the church by calling it the great conservative force and then called upon it to act as a police force while they paid but a pittance of wage to those who worked for them."—Cardinal Mundelein.

* * *

"Democracy can function satisfactorily only when the individual citizens are intelligent enough to understand its ideals and principles and to subordinate themselves to the good of society. Democracy in a population of stupid and predacious men is an impossibility."—Prof. E. A. Hooton, Harvard University.

* * *

"There are different types of revolution, revolution by peaceful means and revolution by force and violence. For the past ten years we have been going through a peaceful revolution. Social security is a form of revolution."—Borough President Stanley M. Isaacs, Manhattan.

* * *

"The Communist party will help in every way possible to build one single common democratic front to defeat reactionary candidates of big business, to nominate progressive candidates in the primaries and score a victory for those candidates in the fall elections."—Alfred Wagenknecht, district secretary, Communist party.

PRESS

Communism in Manhattan

IT took a sensational investigation by a joint legislative committee to uncover an unexplainable zeal of New York city officials to protect a Communist appointee; one municipal court justice defying the committee's contempt ruling rather than testify.

Simon W. Gerson, a former star reporter for the Communist *Daily Worker,* holds the position of confidential examiner in the office of Manhattan Borough President Stanley M. Isaacs. The appointment of a Communist to this important position had been under fire from patriotic and veteran groups, and from other zealots of good American government.

In the height of the protest storm, Gerson came before the municipal court of Justice John O'Rourke as defendant in a $150 rent dodging case. In order to protect the Communist Gerson from any more "adverse publicity," the name of the defendant was altered on the court records to "Samuel W. Gilson." Gilson is a good old American name up rural New England way.

The legislative investigation disclosed further that the rateration of the court record had been made by Justice O'Rourke at the request of

SIMON W. GERSON Acme

Justice Arthur P. McNulty, with the knowledge of counsel for Gerson and for the landlord. Justice McNulty refused to answer committee questions and was held in contempt. Justice O'Rourke freely admitted altering the record and said that "it is done every day" in New York state.

Gerson told the committee that he knew nothing about the justices' eagerness to alter the records to accommodate him, but welcomed the opportunity to testify that the objective of Communists in America is to achieve "Socialism by a peaceful revolution."

Weak on Railroads

William Z. Foster, national chairman of the Communist party, praised the New York state convention for "splendid progress" but pointed to the party's weakness of organization among railroad men and farmers. Calling railroad men the "most important million workers in the United States," Foster said "we have a mere handful of them." He pointed out that whereas strikes in the heavy industries are always but partly effective, *a railroad strike could put the whole country "in a state of prostration in three days."*

FINANCE

Searchlight on The Money Changers

THE feud over Government expenditures and their accounting continues merrily in Washington with Secretary of the Treasury Morgenthau and Acting Comptroller General Richard N. Elliott as the principals. Mr. Elliott has suggested the abolition of a Treasury agency which serves as an accounting organization for relief expenditures.

This office of Treasury agency was created in 1935 by executive order of President Roosevelt. Elliott's suggestion was based on a survey which revealed that it cost $1.32 for the Treasury agency to handle each emergency relief fund voucher although the General Accounting Office is well able to handle this work.

There are some 3,400 Government workers, mostly appointed as political rewards — 700 in Washington and 2,700 in the field—that constitute the personnel of the Treasury agency to check the W.P.A. emergency expenditures. Harry Hopkins, of course, is for the W.P.A. doing all its own accounting with no subsequent check-up.

In a letter to Chairman John J. Cochran of the House Committee on Executive Expenditures, Secretary Morgenthau charged that Elliott was "attempting to undermine the system of accounting in the Treasury." If anybody has undermined the United States Treasury, it has been the New Deal and Secretary Morgenthau's henchmen. President Roosevelt is applying "pressure" and Treasury officials are now working frantically to have the slashed appropriation restored.

The Treasury agency should be abolished and the work done by the General Accounting Offices.

The main reason that this agency was created by executive order is said to have been because the Comptroller was questioning many expenditures that had a "raw" tinge to them, despite the fact they tried to masquerade as relief.

* * *

The New Deal financial experts want the sky as the limit for their squandermania. Under present statutory limitations, the Treasury can have outstanding not more than $45-billion of securities — $25-billion in long term bonds and $20-billion in short term paper. A bill passed by the House of Representatives recently, would have removed the restriction completely.

The alert Senate, however, once more stymied the "sky limit" borrowing. Senator Brown has amended the bill so that the limitation instead of being removed completely, is merely moved up to $30-billion. Secretary Morgenthau testifying before the Senate Finance Committee concerning the amount of Government bonds held by banks, stated: "We cannot answer that" when asked if the "banks and the bonds would go down together."

Any intelligent student of the bond racket knows that if the price of Government bonds went down 10 points, every bank in the country would be ruined. Thus, the Government holds the banks in the hollow of its hand. Why hide the facts from an exploited people?

* * *

The United States Steel Corporation and its subsidiaries, including the Carnegie-Illinois Steel Corp., the American Steel & Wire Co., and the Tennessee Coal, Iron and Railroad Co., have filed a petition in the United States Circuit Court of Appeals asking that an order issued by the Federal Trade Commission in 1934, stopping the questionable practice known as "Pittsburgh plus."

"Pittsburgh plus" was a practice, which existed prior to 1925, of selling steel products at delivered prices equal to the "freight on board" price at Pittsburgh, plus the freight from Pittsburgh to the point sold, regardless of where the products were actually manufactured.

This practice was attacked in the Mid-West as being unfair because it forced buyers from such steel plants as Gary to pay the added amount of a fictitious freight rate from Pittsburgh.

With the law cancelled and a restoration of the "Pittsburgh plus" practice permitted, another wartime boom in munitions would net some handsome profits for the United States Steel Corporation.

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The Week in Washington

CONGRESS

Substantial Support

THE REPORT of the House appropriations committee that "earmarking of the W.P.A. funds would bog down the program and defeat the primary urgent end and aim of the entire proposal" attained to a new significance when Federal Relief Administrator Harry S. Hopkins announced to Iowa voters that he favored the Senate candidacy of Rep. Otha D. Wearin (consistent New Dealer) over that of Senator Guy M. Gillette.

Senators McCarran (Nevada) and Clark (Missouri) joined Senator Burton K. Wheeler (Montana) in attack on New Deal interference in local primary contests, and the demand for earmarking of relief funds.

Mr. Hopkins justified his comments on the grounds that he was a native of Iowa. Senators conceded that, but argued "that certainly Mr. Ickes did not come from Oregon," nor Mr. Roosevelt from Kentucky, nor Mr. Farley from Pennsylvania, although they promoted New Deal favorites in those states without hesitation.

At about the same time John L. Lewis announced his support of Senator Barkley in Kentucky, in exchange for Mr. Farley's support of the C.I.O. in Pennsylvania last month.

Investigators

OUTSIDE of the highball party at which they elected Senator Donahey (Ohio) chairman, there was little action from the 10-man joint investigation committee of the T.V.A. until last week when the members began to disagree on the method of procedure.

All Democrats on the committee except Donahey, want to hear the

SENATOR DONAHEY

charges of Dr. Arthur E. Morgan, T.V.A. ex-chairman and of the two directors, Harcourt Morgan and David E. Lilienthal first. Senator Donahey and the Republican members want to visit the T.V.A. property and examine the books first and hear the Morgans and Lilienthal later. Senator Donahey has already named W. O. Heffernan, a fellow Ohioan to head the staff of committee investigators, whereupon Heffernan announced that hearings would not be started until fall.

Lone Dissenter

ALTHOUGH on the Supreme bench for only eight months, Justice Black has already made a name for himself—he is the court's champion "lone dissenter." In nine court decisions where the vote was 8 to 1, the 1 was Justice Black. Justice McReynolds, one of the "conservatives" was second with a score of 4 lone dissents, while Justice Butler, the other court "conservative" had only one.

Labor Law

THE Bureau of Labor statistics estimate that the wage and hour bill if passed, will eventually increase the pay of about 850,000 factory workers (if they still have jobs by then). With 15 to 17 million men out of work right now, it is more than ironical that the representatives of these people are wrangling over a bill whose only immediate value is their own political salvation.

LEGISLATION

Legislative Line-Up

Bills which passed this session and what they mean:

Housing Bill: H. R. 8730. Final passage in House, Jan. 21, in Senate Feb. 1. Signed by President Feb. 3, is now public law 424.

An amendment to the National Housing Act, it is based upon the false economic principle that building booms cause business booms. Through it, the Government (already in the money-lending business through the F.H.A.) guarantees loans for real estate made by private lending agencies—mostly banks. In addition to creating a new class of tax-exempt securities, this legislation set up competition with legitimate business involving the 10 million members of building and loan associations, the 42 million savings bank depositors, the 63 million holders of life insurance policies, and the 83 million holders of industrial policies who pay 10, 15 or 25 cents a week, and all whose welfare is tied up in real estate.

Farm Bill: H. R. 8505. Final passage in House, Feb. 9, in Senate Feb. 14. Signed Feb. 16, and is P. L. 430.

This is the 1938 version of the A.A.A., or crop control bill. On the Henry Wallace "must" list since 1933, the crop control bill is already proving to the nation, the fallacy of attempting the regimentation which it demands.

Federal Trade: S. 1077. Final passage in House, Feb. 14, in Senate Mar. 14. Signed Mar. 21 and became P. L. 447.

An amendment to the Federal Trade Commission Act, it authorizes proceedings against the false advertising of foods, drugs, therapeutic devices and cosmetics, by the employment of cease-and-desist orders and injunctions. There is no penalty for violation of the law committed before the cease-and-desist order becomes effective.

T.V.A. Investigation: S. J. Res. 277. Passed in Senate Mar. 25, in House Mar. 30. Signed Apr. 4, it became P. Res. 83.

By this resolution, Congress authorized the current investigation by a joint committee of 10, of the administration of the Tennessee Valley Authority, $50,000 being appropriated for the expense of the committee.

Naval Expansion: H. R. 9218. Passed in House May 11, in Senate May 13. Signed May 17, becoming P. L. 528.

Except for the $15-million to be spent on experimental vessels at presidential discretion, this legislation calls for no definite appropriations. The specific provisions are for the construction of 185 new war vessels, and the approximate cost to the American taxpayer is at present estimated at $1,090,656,000.

(This summary of third session legislation to be continued in following editions of SOCIAL JUSTICE.)

EYES and EARS OVER THE CAPITOL

by Mark Meecham

Congressional Neutrality

THE sun shines bright on Pennsylvania Avenue these warm spring afternoons, but few Senators and Representatives look very happy about the whole thing. Many of them are definitely not comfortable, and some are much warmer around the region of the collar than warrants any temperate zone weather.

SENATOR NYE

Not among the coolest persons in the Senate is the Hon. Gerald P. Nye of North Dakota. For Senator Nye, you see, is on the two-fold spot of campaigning for Spanish "Loyalist" sympathy, and of reconciling his present position to his own past performances. Add to this the fact that the ex-neutralist anticipates a fight for his life politically on the home stumping grounds soon, and you have the makings of the North Dakotan's first-class problem.

The history of Senator Nye's opinions on war and war-makers is a here-a-jump, there-a-jump, checker-board sort of affair. First appointed to the Senate in 1925, he jumped into the national limelight nine years later, as head of the investigation which exposed the munitions makers to the explosive vituperations of national wrath. At that time, he held a position in the public mind, somewhat comparable to that which now enhaloes the G-Man. He was the people's friend, pitted alone against the merchandisers of murder.

On the strength of this memory, Senator Nye (a year ago last January) expressed some noble sentiments on neutrality when placing the Spanish embargo was the question before the House. In those days it appeared that everything was over but the shouting—the Alcazar had not yet been blasted, but the "Loyalists" were ready to annihilate it at any moment; and General Franco, high unnamed authorities rumored, was just about ready to give in to "democracy."

In order to forestall any idea of the Spanish Nationalists' buying American in their hour of need, Congress rushed through "an embargo on the shipment of arms and munitions to Spain." Only, of course, they SAID it was because America must not be partial to any side in a foreign war. The best way to stay out of war, they proclaimed wisely, is to refuse to trade with the belligerents . . . That was in 1937.

Recently, they again poked their disconcerting Senatorial noses into the foreign broil and discovered that now Premier Negrin's faction is right where General Franco was when they declared the embargo 17 months ago.

And North Dakota's aspirant to a Senatorial third-term, now admitting that the Spanish embargo's "purpose has not been served," suggests (S. J. Res. 288) that we raise the embargo and let the "Loyalist" government buy American arms.

There is this to say for Senator Nye: he is consistent in his purpose if not in his principles. He supported neutrality to help the "Loyalists," and now he opposes neutrality for the same reason. The means may change, but the Senator is ever-mindful of a singular end. Nor is Mr. Nye the only Senator of this consistency. There are 30 Senators who share his views now—as then.

They remind us of the learned Washingtonian, commenting on the Black appointment to the High Court. "Of course he will be partial," offered the critic, "but he will be partial to the right side." Such is the neutrality of Senator Nye and his 30 colleagues. They are neutral—but only while the "right side" is winning. (In their case the right side is the Left).

No one would even suggest, of course, that the 30 Senators wishing to alter our official attitude toward the war in Spain might have any interest in the prosperity of munitions-makers. Yet the fact remains that if Congress does pass the hell-raising, embargo-lifting resolution, it will be a victory for one of the strongest lobbies that has invaded our capitol city since 1918. (Yes, Mr. Minton—a Lobby).

It is no secret that the much-publicized delegation which so vociferously protested the Spanish arms embargo to Washington Congressmen recently, was escorted by a Mr. Miles Shearover, business agent of the Spanish "Loyalist" government, who is president of the Hanover Import and Export Corporation, and of the Soviet Securities Corporation.

Nor is it a secret that the floating of an R.F.C. loan for the "Loyalists" to buy munitions here, is contemplated just as soon as the Nye resolution takes effect.

What is a secret—and continues to be a mystery—is how Senators and Congressmen interested in American policy, who know the real story of the war in Spain—and they must by their very position be acquainted with at least the most important facts — can promote a resolution which will legally permit the American munitions makers to help Russia win the war in Spain.

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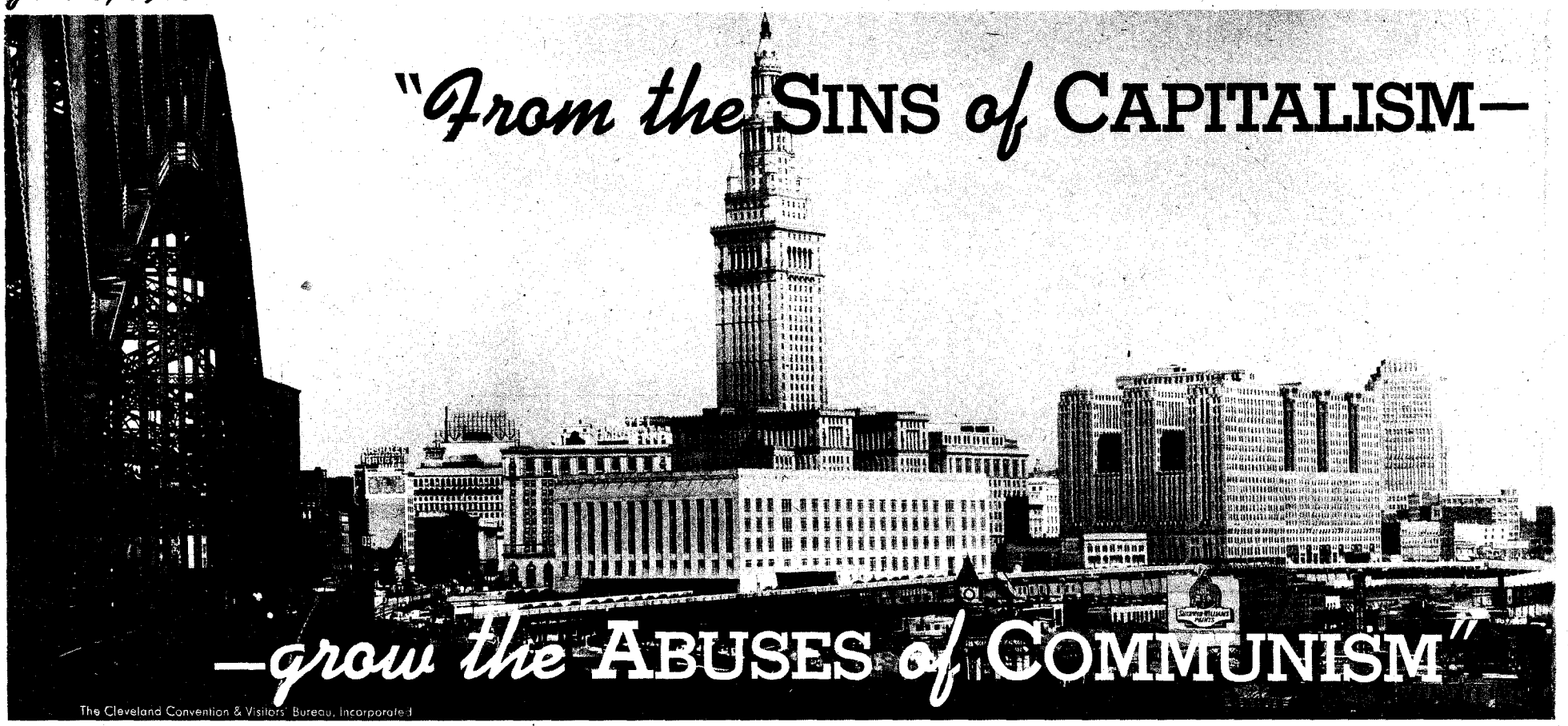

THIS statement has been reiterated by me for the past twelve years.

A parallel statement runs as follows: "We cannot withstand the advances of Communism unless first we remove its causes, namely, the abuses of Capitalism!"

Now what are the abuses found in Capitalism? In his indictment of that economic system, Pius XI said: "Capital was long able to appropriate to itself excessive advantages; it claimed all the products and profits and left to the laborer the barest minimum necessary to repair his strength and to ensure the continuation of his class. For by an inexorable economic law, it was held, all accumulation of riches must fall to the share of the wealthy, while the workingman must remain perpetually in indigence or reduced to the minimum needed for existence."

To my mind the means through which wealth was concentrated in the hands of a few, through which the masses were exploited; through which domination and power were gained over industries, states, nations and the world—these means must be removed from the hands of the exploiting capitalists just as logically as a gun should be taken from the possession of a bandit.

Once more I express my opinion that the overlords of Capitalism attained their ascendency through the private issuance and regulation of money.

Once more I express my opinion that this cause, which is an abuse of justice, will inevitably lead America to Communism.

Therefore, I am stating an opinion which is also upheld by the Communists themselves, for I have definite information that the leaders of this radicalism now boast that they will gain control of the United States of America when approximately sixteen more billion dollars of fountain pen money will have been issued by the New Deal.

Meanwhile, honest men in every walk of life are fighting strenuously for social reforms and are neglecting to fight for economic reforms because they fail to distinguish between what is sociological and what is economical.

Meanwhile, the evidence is piling up before us to the effect that the more fountain pen money we spend the worse becomes our national predicament.

Here below I quote for you from the "Congressional Record" of May 13th, page 9071, official figures of fountain pen expenditures which are identified with the private issuance and control of money by the privately owned Federal Reserve Bank.

"In June, 1933 it was claimed by the New Deal and the President that there were 10,000,000 unemployed. Congress gave to the President $3,300,000,000 in a lump sum to prime the pump, to bring about recovery, and to put the unemployed people to work. It was asserted by the New Deal spokesmen that this pump priming would put at least 6,000,000 of these unemployed workers back to work by Labor Day, September, 1933, and recovery assured.

"In February, 1934, $950,000,000 more was appropriated, and on June 19, 1934, another appropriation of $1,424,675,000 was made.

"Early in 1935 Congress gave the President another blank check for $4,880,000,000 to prime the pump.

"There was appropriated by two acts of 1936 an additional amount of $1,733,000,000 and in 1936 another sum of $884,000,000, and as these various sums were appropriated the country was assured that each appropriation would be the last. Business recovery was assured and unemployment would be taken care of.

"In June, 1937 the administration was given another blank check for $1,500,000,000; in July 1937, for the C.C.C., an additional $350,000,000; on March 2, 1938, another $250,000,000. These do not include $2,653,000,000 which Congress directed the R.F.C. to put out for relief purposes.

"We might say in passing, that this $2,653,000,000 of so-called loans without security or worthless security have proven to be a total loss and recently by act of Congress the R.F.C. was given credit for that sum and the Government took over the worthless securities. Our New Deal friends admit that that was a total loss.

"We have paid out about $3,000,000,000 in one form or another for farm relief made up of processing taxes and other funds.

"Altogether, the Government has expended more than $22,000,000,000 for so-called pump priming or relief. This does not include other expenditures of the Government.

"In all, up to June 30, 1938, there will have been expended in five years nearly $50,000,000,000.

"We have increased the amount of Federal revenues taken from the people more than 200 per cent annually, and we have spent all of this increase of taxes and borrowed approximately twenty billions for pump priming, and in order to provide funds for relief to give people work, as they say, we are proposing to expend in addition to the ordinary expenses of the Government more than $6,000,000,000 for the next fiscal year."

Another quotation from the "Congressional Record" of May 11th, page 8795, reads as follows:

"In the last eight years since 1929 the total combined new purchasing power created by Federal Government and by private enterprise, through new corporate capital issues, was $26,294,000,000.

"At the old 1926 to 1929 rate of $453,322,000 per month, corporate capital issues alone would have created $43,518,888,000 in new purchasing power in the last eight years. Here we have a deficit of $17,224,888,000 in new purchasing power in the last eight years, from 1930 to 1937, in spite of Government injections of purchasing power!

"In other words, it must be obvious to you that the Government spending cannot take up the deficit of $17,224,888,000 in new purchasing power. We must have a flow of private capital into private enterprise.

"Unless private capital can once more flow freely into investments, the needed pick-up in the national purchasing power will not be created. Let me cite one example of that.

"In the years back in 1928 and 1929 all the insurance companies together kept about $100,000,000 in cash and about $300,000,000 in Government bonds as a reserve to pay losses that might occur. That was a very infinitesimal part of their total resources, and all of their other resources went into investments, mortgages for housing and what not. It helped build the country.

"Today what do we find? We find that the insurance companies have in cash and in Government securities $5,000,000,000 instead of $400,000,000 and the result is that the difference between $5,000,000,000 and $400,000,000 is the amount of new capital that could flow through the insurance companies into private enterprise.

"The savings banks today have about $2,500,000,000 invested in Government bonds, something that never before occurred.

"Prior to 1929 most of that $2,500,000,000 was not invested in Government bonds, but was invested in mortgages in homes, in building programs, and all kinds of private enterprise, and so today the insurance companies and the savings banks together have over $7,500,000,000 which formerly flowed into private enterprise which is kept tied up in cash and Government bonds. That is the sort of capital that ought to be free."

Of course the $2½-billion invested by savings banks in Government bonds and the $5-billion likewise invested by insurance companies in bonds, bodes no good for this nation when we consider that this total of $7½-billion was spent to buy nothing more than beautifully engraved paper which the Government gave to the Federal Reserve Banks in exchange for a check that was issued against nothing.

It is $7½-billion which could have been invested in production, but unfortunately has been invested in destruction.

The destruction element of investment was also partly spent for farmers not to produce food-stuffs; for workmen's doles — workmen who could be employed at a productive profit for all.

This $7½-billion eventually must come from the taxpayers who, according to law, will be forced to buy back these bonds, not only at $7½-billion but also at the accrued interest which will be added to it.

No wonder that Chas O. Skinner, writing in the "Cleveland Plain Dealer," says:

"Who owns more homes than anyone else in Greater Cleveland?

"Who has more insurance clients than anyone else in this metropolitan area?

"Who is the custodian of $31,735,000 of savings of Greater Clevelanders?

"And who employs more people, by far, than anyone else in this city?

"Who is the biggest tax collector in these parts?

"The answer to each and all of these questions is — your Uncle Sam. He has become the dominant economic force in the life of this community; he is in many ways closer to the lives of more people in Greater Cleveland than their own municipal governments. He has, regardless of the periodic need for action in Columbus that is vital to Cleveland, regardless of the political sideshows that go on there, shoved the state government into the background.

"Uncle Sam right now is handing out in Cuyahoga County pay checks to about 88,000 persons, who, with their families and dependents, can be said to represent about 273,000 persons all told."

What is happening in Cleveland is happening over the entirety of the United States.

"My Thought for the Week" — Father Coughlin

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PAROLEE PROBLEMS

To the Editor:

"America Invaded" by Hon. Fred L. Crawford in the April 25th issue of Social Justice has been well prefaced by the editor. I take the liberty to criticize the remarks of the Hon. Mr. Crawford. An investigation of his statistics would probably reveal that they were never figured out and that the opinion of the attorney general was a guess.

If I may be as free as the Representative with statistics, I would say 99 per cent of the convicts paroled have the intention of going straight but are placed in such antagonistic circumstances and are so hounded by detectives who are anxious to "clear the books" that they are driven to distraction and forced to conclude that they have the name, why not also the shame.

That supervision of parolees is inadequate is known by every student of the subject. About the only supervision society may boast of today is a form of "hounding" but not helping the parolee to re-establish himself. He is kept in prison until all salutary contacts are severed and in self defense he makes contacts with those who have had the misfortune to serve time with him and who have suffered the same loss as himself. In theory, parole is sound, but will never work out in practice until parole board members are emancipated from politics.

Far be it from us to coddle prisoners. We can never excuse crime, but we can explain it. When society begins to devote more time and effort to the prosecution of the big crook instead of spending all their energy on the thief in our prisons whose daily thefts average 2½ cents a night "according to the criminals' own statistics" then the little thief will be better able to make an honest living.

The parolee is not committing the majority of crimes. The record is held by our youngsters in their 'teens, who are reared without moral training and whose recreation is supplied by their elders in the form of crime pictures, crime radio programs, crime magazines, and crime lectures. If you advertise, you will sell the public.

People are never made better by punishment alone. By that method they can be cowed but not cured.

Rev. Eligus Weir,
Catholic Chaplain,
Illinois State Penitentiary.

Joliet, Ill.

INSURANCE FAILS TO INSURE

To the Editor:

Michigan labor has received a terrific set-back in the present Unemployment Insurance Act, and there will be many sorely disappointed workers in July when they discover they are not eligible to benefit by this legislation.

I am sure the Federal Government intended the Insurance law to help those who need it the most, but I find those who need it the least are the ones who will participate.

In order to benefit by this insurance, one must have earned fifty dollars in the first three of the three-month periods of the year commencing July, 1937. Every auto-worker in Michigan knows to their grief that July, August and September is the slack period of the year when

the plants, if working at all, carry only a skeleton crew of perhaps thirty per cent, with the other seventy per cent laid off. More than likely the unemployed find it an impossibility to get another job; therefore, they cannot earn the fifty dollars demanded by the Act.

If the Act remains in its present form, seventy per cent of the workers will find themselves in the same hole next year as they will find in 1938.

What good is there in the Michigan Unemployment Insurance Act which took so much time to frame and pass by our far-seeing statesmen?

Philip O'Dwyer

Detroit, Mich.

SAVE THE NEXT GENERATION

To the Editor:

In the April 18th issue of Social Justice, Mr. Strohmenger suggested a gross income tax on everyone, plus a land tax.

It seems to me that his is a logical solution to our tax problem provided, of course, that all other taxes be eliminated and that neither state nor Federal Government be allowed to borrow against future income without the consent of the people at the polls.

In that way we would be better able to control governmental expenditures and compel our elected representatives to conduct government within our income. This would prevent the burdening of future generations with unbearable taxes.

Mrs. John de Paoli

Cincinnati, Ohio

IMPORTATIONS HURT FARMER

To the Editor:

While the main cause of unemployment is the contraction of credit money by the Federal Reserve Bankers, importation of foreign goods pays a much larger part than most people think it does. Eighty-six million bushels of corn were imported into the United States in 1937. If that had been bought from the farmers in the United States, it would have meant employment for several thousand farmers on the production of that corn and it would have kept the money here.

The big fault in the importation of foreign goods is that duty on farm products is very low while on farm machinery it is unreasonably high. For instance, a horse-drawn binder costs between two-hundred and fifty and three-hundred dollars, while a tractor costs four-hundred dollars. The cost of a binder would probably be lowered to one-third the present price if the high tariff on foreign farm machinery were lowered to a parity with the duty on foreign farm products.

Leonard S. Magaw

Ames, Kansas

WHERE WE NEED DEFENSE

To the Editor:

Senator Borah well summed up the facts when he said recently, "There is greater danger to our democracy in that vast army of unemployed than in any fleet which any nation or group of nations may choose to send against us."

The best way to attack the problem of unemployment, to raise the standard of living and increase the welfare of those at the bottom of the economic ladder, is to produce more wealth. The only way to produce more wealth is to see that the primary industries—agriculture, mining, fisheries, lumbering—have enough income and then to work through secondary industries to obtain it.

It is impossible to produce more wealth by placing such enormous tax burdens upon industry that it cannot produce efficiently. The sound way is to cooperate with them, to aid them in producing more goods so they can be distributed more cheaply.

Octave Savard.

St. Paul, Minn.

HELP SAVE THE BACKBONE

To the Editor:

The H.O.L.C. was started as a relief measure by the President, and although they helped the home owners at the time. the banks and other organizations which financed the building and purchase of homes, were relieved of many mortgages on which they had loaned money unwisely.

Of the 54,000 homes now financed by the H.O.L.C. in the state of New York, 17,000 have been foreclosed and most of them are now vacant or rented at an amount which is much less than the owner was paying to the H.O.L.C. The home owner is the backbone of the United States and deserves some consideration.

Paying off principal and interest in fifteen years was difficult in good times, and under present conditions it is utterly impossible for most people.

Representative Barry of New York has introduced a bill in the House to reduce the interest to three and one-half per cent and to extend twenty-five years the period for paying off the mortgage.

It is my contention that this bill should have the active support and cooperation of every person who believes in private home-ownership by the people in our nation.

J. J. Maloney

New York, N. Y.

RELIEF TAX GONE ASTRAY

To the Editor:

The Illinois "occupational tax" commonly known as the sales tax is imposed on the retailer but in most cases it is passed on to the consumer. It is supposed to amount to three per cent of the selling price but since merchants collect one cent on a fifteen cent purchase, two cents on a forty-five cent purchase, and so on, the average tax on small transactions quite likely exceeds four per cent.

To make matters worse, there is a movement on foot to broaden the taxes and thus increase this burden.

If the entire revenue from the tax were used for relief, which was the excuse for enactment of this law, it would not be so bad, but up to the present time, only one-third has been devoted to this purpose, while the other two-thirds has been used for educational purpose and to relieve real estate and personnel of their share of the cost of running the Government.

K. E. Cassidy

Chicago, Ill.

NATURE OF "THE CRISIS"

To the Editor:

This is a crucial moment in our history, and no one admits it any more than the politicians themselves. They are constantly flaunting the words "crisis" and "crossroads" before us. They know better than the casual political mind that this period in history spells either their doom or a reformation of their economic ideas, embracing Christian social justice. If they continue as they have, Communism or Naziism will destroy their party liberty. On the other hand, if they adopt the teachings of social justice, they will have made the supreme sacrifice of greed and graft.

Perhaps this is the reason Mr. Roosevelt in his Supreme Court reorganization talk told the people of a great crisis, never once interpreting or explaining its nature. It was well, perhaps, to be quiet on the nature of the crisis when it spelled doom to political bigotry unless politics could gain control of the Supreme Court and salvage the unconstitutional laws supporting partyism to wave before the people as a lasting monument not to the Constitution, but as a symbol of party and Roosevelt. It failed to reach an appreciative audience, simply because the leading man did not have a good supporting cast—perhaps they did not appreciate what Mr. Roosevelt was trying to do for them. In that case the coming elections will spell their political doom.

There is, evidently, no place for men in our government who lack political training in the New Deal "theatrical college." Mark Twain said "Training is everything. The peach was once a bitter almond; cauliflower is nothing but a cabbage head with a college education." The New Dealer, we add, was once a Republican or Democrat.

Mrs. H. M. Baxter

Battle Creek, Iowa

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Will the United States Be Armageddon?

Many writers and thinkers believe the United States is the last stand of Christian civilization. Week after week a new crisis arises in Europe. Countries of the Old World, already sunk in the swamps of Communism and Fascism, will sooner or later rush at one another and begin a reign of slaughter unparalleled in history.

From the ashes will rise worldwide totalitarianism — UNLESS AMERICA CAN BE SAVED.

The United States is destined to stage the last, crucial battle between the forces of righteousness and evil on this earth.

If the battle is won in America, sanity in government can be persevered in the world. If the fight is lost—there is nothing left.

YOU are right now engaged in this great battle — but perhaps you do not realize it. There are only two sides. You MUST be right, or you MUST be wrong. There is no middle ground.

If you are not for the broad principles of social justice—if you are not willing to work to spread those principles for which Father Coughlin has so long contended—then you are indifferent or you are wrong. If you are indifferent, you are classified with millions of your fellow-Americans who persist in living in a "fool's paradise." It is worse to be indifferent than to be absolutely wrong. Indifference is nothing but intellectual sleep.

The "Million League" now being joined by thousands of Father Coughlin's followers is for the alert—for Americans who KNOW the dangers besetting our country. It is for thinkers—WORKERS.

Social Justice Platoons now forming in all sections of the country are for those men and women who BELIEVE that by Father Coughlin's 16 principles of social justice — and by them only — America and Christian civilization can be saved.

Belief alone is not enough. THERE MUST BE ACTION—IMMEDIATE ACTION—CONTINUOUS ACTION!

SOCIAL JUSTICE is the only publication in America telling the cold-blooded truth about American affairs. It is the "Manual of Arms" of a vast thinking army of Americans now springing to action in all sections of the country.

SOCIAL JUSTICE must reach the pinnacle of Five Million Readers by Christmas of this year. It must reach into the nethermost hamlet in every state by this time next year so that, by 1940, its message will have penetrated into every American home.

Father Coughlin wishes every reader of SOCIAL JUSTICE to become a member of the "Million League" NOW. It costs nothing but a little effort among your friends. Membership goes hand in hand with the Social Justice Platoon which you are now forming or which soon will be formed in your immediate district.

You are an American citizen. The task of saving our liberties and our institutions is YOUR JOB—and a job that must be started NOW.

Only social justice can bring us all back to the path of national sanity. Won't you help?

Of course, you will. Then fill in and mail the Co-Operation Coupon TODAY.

CO-OPERATION COUPON

SOCIAL JUSTICE,
Royal Oak, Michigan.
Gentlemen:

I wish to help Father Coughlin and social justice in the United States by joining the "MILLION LEAGUE."

Please send me at once full particulars of how I can be of assistance.

My Name Is.....

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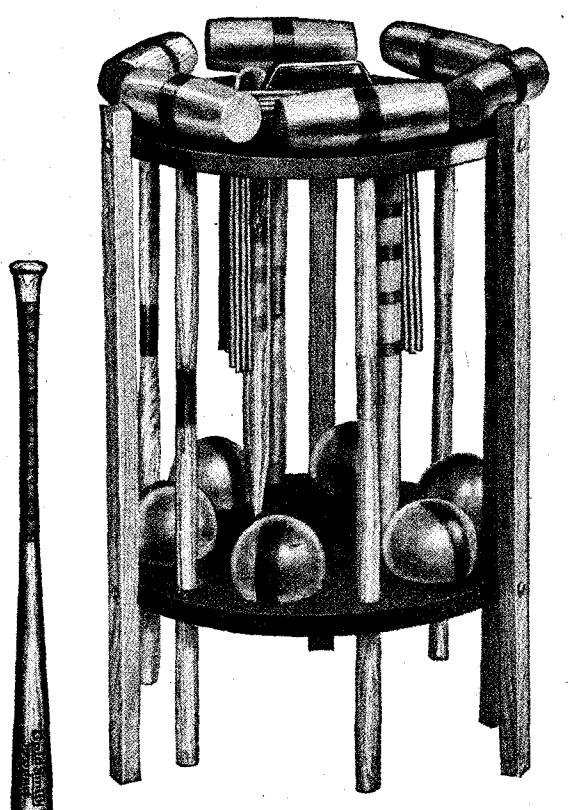

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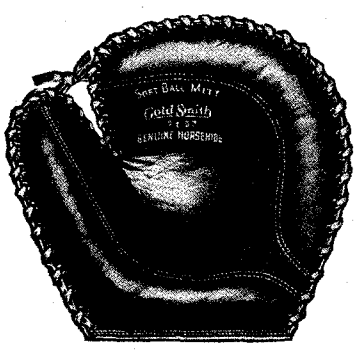

No. 15133—420 papers.
BASEBALL SET — consisting of Official Soft-ball, Bat and Catcher's Mitt.

This will be a whale of a summer for distributors of SOCIAL JUSTICE. Cash PLUS Valuable Premiums. Those four words tell the story in a nutshell. But, of course, you want to know just about how much cash you can earn selling SOCIAL JUSTICE.

Well, there are scores of boys (and some girls) now making as much as $20.00 per week selling the new, rotogravure, 24-page SOCIAL JUSTICE *for just a few hours on Saturdays* and Sunday mornings. The margin of profit on each copy is such that a distributor can let part of his bundle out to *sub-distributors and do a nice business all around.*

As for the Premiums—just wait until you see the beautifully illustrated catalogue you will receive a day or two after we have your Coupon. Prizes for grown-ups as well as boys and girls—valuable and useful prizes of many sorts.

The Premium Season of SOCIAL JUSTICE is now on and will last until almost time for you to get back to school. On this page you see a few of the Premiums that can be yours PLUS Cash. *But the catalogue! Well, just send for it today.* Please use the Coupon below NOW.

No. 15136—570 papers.
AMERICAN ACE EXPRESS WAGON. Sturdily constructed of all steel, no seams, joints or welds in body. Finished in lustrous Indian Red with cream side panels and striping on wheels, with black gear. Equipped with rubber tired, roller bearing wheels.

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Gentlemen:

Please count me in on your Cash and Special Premium offer for selling SOCIAL JUSTICE this summer.

Send me without obligation on my part illustrated catalogue of premiums and full instructions.

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NATIONAL WEEKLY

Social Justice

Founded 1936 by Father Coughlin

MR. HARRY L. HOPKINS *wants to be* GOVERNOR

BOTH the President and Mr. Hopkins have seized every occasion to state that there should be equality in the distribution of W.P.A. funds for workmen in the North and in the South.

Now the official facts obviously contradict the words of both these executives.

Harry Hopkins, the man of the hour, has tossed his hat into the ring of New York State seeking the nomination for Governor.

Harry Hopkins pays the W.P.A. workers in New York more than $70 a month as against $23.90 a month for some States in the South.

There is a reason: Harry wants to be Governor.

With the disbursement of another $5-billion, most of which will filter through his fingers, the administrator of the W.P.A. will continue spending more than $70 a month on W.P.A. workers in the Empire State and will increase the number of workers in New York to approximately 4-million.

The workers of New England, of the Middle West, of the Far West and the South should shed tears that Harry is not running for Governor in their respective States.

Meanwhile, these latter workers will be content with less-than-living wages while the politicians of the New Deal will feather their political nests at the expense of the nation.

The leading editorial on page 6 of this edition of SOCIAL JUSTICE will disclose the official facts of W.P.A. expenditures.

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